SECOND THOUGHTS OF
AN ECONOMIST

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W. Smart

AND THOUGHTS AN ECONOMIST

WILLIAM SMART

D. Phil., LL.D.

WITH A BIOGRAPHICAL SKETCH BY

THOMAS JONES, M.A.

MACMILLAN AND CO. LIMITED
ST. MARTIN'S STREET, LONDON

1904

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SECOND THOUGHTS OF AN ECONOMIST

BY

WILLIAM SMART

D. PHIL., LL.D.

PROFESSOR OF POLITICAL ECONOMY IN THE UNIVERSITY OF GLASGOW

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PREFACE

"SECOND THOUGHTS OF AN ECONOMIST" was left by my husband in printed, but only partly corrected, proof sheets. These were handed to his old friends, Sir William S. M'Cormick, Professor Edwin Cannan and Mr. David Sclanders, who agreed that they could be published exactly as they stood, after several quotations had been verified, and a few misprints and obvious slips of the pen had been corrected. Readers must, however, bear in mind that if my husband had lived, he would probably have made some corrections of substance, and I know he intended to add a concluding chapter.

I believe that my husband's many friends will be glad to have, along with his last written words, the sketch of his life which Mr. Thomas Jones, M.A., Secretary to the Welsh National Health Insurance Commission, has been kind enough to contribute. Mr. Jones was a student

in my husband's class in Glasgow University shortly after the Adam Smith Chair of Political Economy was founded, and my husband was so much impressed by his ability and personality that he secured him as his assistant, and later on as Lecturer in the Political Economy Department. This position Mr. Jones occupied until he left Glasgow in 1909 to take up the Professorship of Political Economy in Queen's University, Belfast.

The frontispiece is engraved from a photograph by Messrs. Annan in 1902.

KATHARINE S. SMART.

NUNHOLM, DOWANHILL,
GLASGOW, *March*, 1916.

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BIOGRAPHICAL SKETCH

MR. BIRRELL in his essay on Bagehot tells us truly that you can know a man from his books, can know him very well, better perhaps than did his partners in business, or his colleagues on the university senate, or even his own flesh and blood. A man will not tell you his hopes and fears, his beliefs and unbeliefs, but if he is a true author he will print them, and will let his spirit hover and brood over his pages. Such a writer was Professor Smart, and to the alert and discerning all his books are highly personal and revealing. All his books, and in a special degree this literary will and testament, the *Second Thoughts*. From it you may learn how he followed a good father in a prosperous business, how, as a young man, his mind was shaped by Carlyle and Ruskin and his career by Edward Caird, how he forsook making thread for teaching political economy, and ever after delighted in the dear vocation of the scholar. He

hankered after first editions of his favourite authors, but knew that to lock books behind glass cases was selfish and wasteful. Throughout he is sensible of the responsibilities of the well-to-do; he felt family ties strongly, but otherwise he sat loose to his possessions. You can guess that he wrote and played much in the open air, and that he loved this life much while thinking often of the next. What he wished most for men in this world was that they should find their deepest happiness in their daily work. You can see from the way his books are made, the paper, the binding, the analyses and marginal summaries, that they issue from a man of fine taste, who let nothing leave his hands in a slovenly or unfinished state. He always regretted the one occasion when he printed; without revising it himself, an index to one of his books drawn up by one of his less methodical assistants.

All this and much more the reader can discover for himself, and there is therefore, it may be urged, little need for even the brief memoir which follows. But I think his old students will be glad that one of them should piece together the scattered bits of portraiture from the various books and pamphlets, and recall to them, however

imperfectly, the memory of a teacher whom all respected and for whom those who knew him best felt a great affection.

William Smart, eldest son of Alexander Smart, J.P., and of Elizabeth Duncan, was born at Barrhead, near Glasgow, on 10th April, 1853. His mother was a native of Linlithgow. His father, who was a son of the Rev. William Smart of Paisley, at that time was carrying on an engineering business at Barrhead, but in the following year he was induced by his mother's brother, John Clark, the founder of the firm of John Clark, Junr., & Co., to join the important business carried on at Mile-End Thread Works, Glasgow. He became manager of this, and was for many years before his retirement in 1879 senior partner in the firm. William Smart passed some years of his boyhood after about eight years of age in a house situated, in the old-time manner, within the mill walls. He attended an East End school, and later the High School, and in 1867 entered the University.¹ This was the "black old college . . . in a quarter far from elegant or savoury," where

¹ Cf. the notice by Dr. Cannan, *Economic Journal*, June, 1915.

Andrew Lang, fresh from St. Andrews, spent a session, and, like Coleridge at Cologne, reckoned "five and seventy separate stenches" and then ceased counting. Here in the sixties Edmund Lushington taught Greek and John Caird Divinity, William Thomson Physics and Joseph Lister Surgery. In 1866 Edward Caird joined them as professor of Moral Philosophy. In 1870, after four centuries in the east, the college left the scene of busy warehouses and sordid wynds and squalid poor and went west to Gilbert Scott's palace "with the hundred little prickly turrets" on the banks of the Kelvin.

Meanwhile Alexander Smart had decided that his son, now seventeen, should combine business with study, and a place was found for him in the mill. The double strain proved too much, and a choice had to be made. The father decided in favour of business, and the son's course at the University was interrupted for many years; he did not take his M.A. degree until 1882. He proved his ability as a business organiser and controller of workpeople, and on his father's retirement became a partner in the firm. In 1884 the partners sold the prosperous business to another firm, and Smart was set free from

the trammels of commerce, except that a few years later a manufacturing concern in America in which he had retained a considerable financial interest gave him a large amount of trouble and anxiety, necessitating for a time a visit to America and much hard work.¹

In 1875 Smart was twenty-two, and the third quarter of the nineteenth century in which he had grown to young manhood saw the weakening of Benthamite theories and the birth of modern collectivism. The typical representative of the transition is John Stuart Mill, whose *Political Economy* appeared in 1848, and who for the next thirty years wielded a remarkable influence over the thoughtful youth of this country. He was at the height of his power in the sixties. The saint of rationalism was at once an orthodox economist looking backwards to Ricardo and a heretic looking forward to a socialistic ideal. "It is to-day perfectly clear," writes Professor Dicey, "that from 1848 onwards an alteration becomes perceptible in the intellectual and moral atmosphere of England. A change we can now see was taking place in the current of opinion, and a change which was the more important,

¹ Cannan, *ibid.*

because it influenced mainly the then rising generation, and therefore was certain to tell upon the opinion of twenty or thirty years later—that is, of 1870 or 1880. Nor can we now doubt that this revolution of thought tended in the direction of socialism.”¹ Dickens and Kingsley and Charles Reade reflected the change in their novels, but it was Carlyle and Ruskin who, with Mill, were the prophets of the new spiritualism, the one cursing his age in “a wild and fantastic orgy of epithets,” the other in proper but no less damnatory Bible English. They were neither socialists nor democrats, but many of their disciples, once convicted of sin, went further than the Platonism of their masters in seeking social salvation. These great men were no more completely consistent with themselves than was Mill, but they had the invaluable power of shaking and shocking those who were at ease in the *laissez faire* factories and workshops, of whipping the builders and defenders thereof out of their refuges and revealing the nakedness of the “economic man” before the sun. Ruskin had gone to Manchester itself in 1857 to preach his heresies, and in 1860 *Unto*

¹ Dicey, *Law and Public Opinion in England*, p. 244.

this Last appeared in *The Cornhill Magazine* and *Munera Pulveris* soon followed. On 1st January, 1871, four weeks before the fall of Paris, Ruskin began *Fors Clavigera* or Letters to the Labourers and Workmen of Great Britain, with words of extraordinary directness and passion :

“ Friends, we begin to-day another group of ten years not in happy circumstances. . . . For my own part I will put up with this state of things, passively, not an hour longer. I am not an unselfish person, nor an Evangelical one ; I have no particular pleasure in doing good ; neither do I dislike doing it so much as to expect to be rewarded for it in another world. But I simply cannot paint, nor read, nor look at minerals, nor do anything else that I like, and the very light of the morning sky, when there is any—which is seldom, nowadays, near London—has become hateful to me, because of the misery that I know of, and see signs of, where I know it not, which no imagination can interpret too bitterly. Therefore, as I have said, I will endure it no longer quietly, but henceforward, with any few or many who will help, do my poor best to abate this misery.”

For seven years Ruskin wrote the monthly letters of the *Fors Clavigera* and unfolded the schemes which took shape in the St. George's Guild. “ Do you read Ruskin's *Fors Clavigera* ? ”

Carlyle wrote to Emerson. "If you don't, do . . . There is nothing going on among us as notable to me as those fierce lightning bolts Ruskin is copiously and desperately pouring into the black world of Anarchy all around him." The young Mile-End merchant read these letters month by month, took the oath of the Companions,¹ and, we may be sure, tried to make and sell thread in obedience to his vow. In 1879 a Ruskin Society was formed in Glasgow, and Smart became its first president. He delivered the inaugural address on *John Ruskin, his Life and Work*, on 28th October, 1880. The master, he told his sceptical hearers, was no amiable madman but a man entirely noble, a preacher of righteousness "conjuring for love, threatening by prophesied calamity, startling by strange rhetoric, if, by any means, he may wake a world which sleeps on the verge of its ruin." The whole address is that of an ardent disciple pleading earnestly that the spirit of Christ should be applied to the holding of land, the lending of money, and the making of goods.

Smart had all the enthusiasm which comes of sincere belief, and was able to communicate

¹ Cf. *Second Thoughts*, p. 2.

his enthusiasm to others. Housing, the purification of the air, the planting of trees, civic art as well as economic subjects, were discussed by the society. Smart was a gentle critic at all times, and advanced his criticisms with a charm which was, to an exceptional degree, convincing and conclusive. Mr. William Sinclair, who acted as librarian and for many years as secretary of the society, writes me that he never appealed in vain to the first president for advice and help in the work of the society.

“Over a long experience of public men I can vouch for the fact that no one impressed me more with a sense of power for usefulness than my friend ; and his manner of helping was no less distinguished than his desire to help in every good cause which had his heart-felt sympathy. On this score alone his memory will always be held in grateful remembrance by those who had the pleasure of his friendship.

“When the educational movement known as the Ruskin College was started in Oxford, Professor Smart was actively interested, and financially assisted the selected students who were sent from Glasgow who belonged to the working class. After a visit to Oxford to study the work of the College, in 1902, I reported to the Professor on my return something of the impressions of the College and

the students. He wrote in reply one of the brief notes I was in the habit of receiving from him, in which he said, ' I am very glad to hear such good news of our student. I hope you drummed into him the necessity of devoting himself, not to propagandas but to facts ! ' "

In 1883 followed *A Disciple of Plato, a Critical Study of John Ruskin*. On page 41 he examines Ruskin's crusade against the current Political Economy. Economists, Ruskin would say, have been merely anatomists when they ought to have been physicians. " Fortunately," Smart goes on, " the days are past when we might think it vital to defend Ruskin in this. It is a significant sign of the times, that the most earnest upholders of political economy do not any more treat it as an exact science. It is but rare now that an appeal to the eternal laws of political economy is taken to settle any question. . . . Does it not look as if the sweep round had already come when we hear on every hand that the hope of the future is—Co-operation? And what I repeat is, that till we have answered this question—for what purpose is man in the world?—we cannot decide the quarrel between Ruskin and the economists." Plato and Ruskin declared

that they had nothing to do with what was practicable, but only with what was true. But Smart was beginning to feel that it was no light thing to indict a whole civilization. May we not confess, he suggests, that things are indeed far from right, without saying that the only way of reform is to overthrow? The mills of the gods grind slowly. The modern spirit is very young. Every force that is in the world must have its evolution : it cannot be destroyed : it can only be guided or transformed.

It is clear that the impatient disciple of the first lecture was becoming conscious not so much of the limitations of his master's gospel as of the difficulty of rapidly applying it. Ruskin read the pamphlet and wrote the Note which Smart quotes in *Second Thoughts* (p. 3). And to Ruskin's astonishment Smart became an economist. The chief factor in determining the change was undoubtedly the doctrine of Idealism as interpreted by Edward Caird, who for over a quarter of a century (1866-1893) dominated the philosophical thinking of Scotland, and through his pupils still continues to influence the philosophical teaching of most of the universities of this country and the colonies. Edward Caird

has been described as perhaps the greatest teacher of his generation.¹ To him and his brother must largely be attributed the change in the religious beliefs of Scotland within the last generation, though we must not forget the unsettling critical work, in these very years, of Robertson Smith and A. B. Davidson on the Old Testament, and, a few years later, of A. B. Bruce and Marcus Dods on the New. These men were doing for Scotland what Green and Jowett and others were doing for England. Their influence was greatly increased by the persecutions of the heresy hunters. With Carlyle and Ruskin, Edward Caird challenged the materialism and "common sense" of his time. He believed that the true Shekinah is man. But he had not so much a more profound as a more logical grasp of the organic unity of human life and its rationality than had the two prose-poets. And he showed how his belief in the spirit and reason of the world was connected with the principle of development through conflict which had newly received at the hands of Darwin a remarkable illustration.

It was in the year that Smart published his second lecture, 1883, that Edward Caird's *Hegel*

¹ Hugh Walker, *The Literature of the Victorian Era*, p. 191.

appeared in the *Philosophical Classics*. In the same year Moody and Sankey, two American evangelists, visited Glasgow. And so did Henry George, whose *Progress and Poverty*, published in 1879, had made a great impression, and was destined to enjoy a wider circulation than any other economic publication. It is an odd quartette to string together—Edward Caird, Moody and Sankey, and Henry George—but no one who lived and moved among Glasgow merchants and workmen in the eighties or nineties will be surprised. They stood for three “plans of salvation.” Each had its gossellers, in college chairs, in city pulpits, and in the municipal chamber. There were the big and pious employers, often knights or barons, who personally or by deputy handed their sixteen-shilling-a-week labourers tracts on vicarious suffering. There were the aggressive town councillors who assaulted you with pamphlets on the land, and with whom it was as difficult to argue as with a Plymouth Brother, and for the same reason—each believed in the verbal inspiration of his own particular bible. There were, thirdly, “Caird’s men,” who urged the wise of the west-end to carry the treasures of knowledge to the denizens of the

east-end. They gave the Christian principle of dying to live applications which were then new and strange. Selfishness was not overcome by postponing its gratification to the next world but by social service in this. The State was a moral institution and civic duty a spiritual function. This world was not to be spurned, but to be embraced and possessed, for within it there was nothing finally and absolutely secular.

Some critics have held that the effect of Idealism has been to sap intellectual and moral sincerity, to soften the contrasts between right and wrong, to weaken the bases of reason, to restore the easy rule of authority and faith, and to set up Bismarck as a moral guide in political action. This judgment is so shallow as to seem almost grotesque to those familiar with the academic influence and practical example of Thomas Hill Green and Edward Caird and their disciples. That it led to acquiescence in personal evil or indifference to social reform is the exact reverse of the truth. In Smart's case it provided an ideal which remained with him throughout his career, and is nowhere more operative than in his last book, where his supreme concern is

with the ethical aspects of the science to which he had given his life.

At the University Smart had taken first-class honours in Philosophy in 1882, and had stood second in the competition for the Clark Fellowship when it was awarded to J. S. Mackenzie, since well known in philosophical circles. After graduating, Smart gave university extension lectures in Philosophy and Political Economy, and was appointed lecturer on Political Economy in Queen Margaret College in 1886, and in University College, Dundee, in the same year. In November, 1885, he was a candidate for an assistant examinership in Mental Philosophy in Glasgow, and his testimonials from Caird, Veitch, and Nichol mention among other qualities the remarkable degree in which he combined courtesy of manner and sympathy for others engaged in his favourite pursuits, with accuracy of judgment and decision of character, the precise habits and industry of a man of business with the single-hearted zeal of a thorough student. Reference is also made to the interest he had taken, not only in the University, but in all matters relating to the higher education of the West of Scotland. The Dundee work terminated

in 1887, but the Queen Margaret lectureship continued for ten years.

Smart had from the first been a keen supporter of the movement for the higher education of women which led to the incorporation of Queen Margaret College in 1883. In the years immediately following he gave much thought to the wages of women and the conditions of their employment. In the thread mills the wages of the girls were mainly determined by "custom," and the three firms which were soon to monopolise the thread trade of the world could easily have afforded higher or paid lower wages.¹ There were also notorious and unexplained differences between the women weavers of Scotland and those of Lancashire, the latter minding four power-looms and earning twice the wage of the Glasgow women, who could not be induced to take charge of more than two. There was another contrast with Lancashire: in Scotland the spinning and weaving of cotton was done by women and girls to the

¹ "I once casually asked the largest employer of women's labour in Scotland if it would be possible to reduce his wages from 10s. to 5s. After thinking a moment, he answered, 'Yes, if X,' naming his largest competitor, 'did the same. There would be an outcry of course, but we *could* do it. But surely 10s. is low enough,' he added." *Studies in Economics*, p. 127.

almost complete exclusion of men. But, generally, the subject had received little inductive study at the hands of economists, and it was not until the investigations of Mr. Charles Booth (1889) and of the Labour Commission (1891-1894) were published that much reliable evidence of the actual conditions of women's employment was available. Miss Clara Collet, who had been an Assistant Commissioner, examined the *Economic Position of Educated Working Women* in 1890, Mr. Sidney Webb discussed the *Alleged Differences in the Wages paid to Men and Women for similar Work* in 1891 (*Ec. Jl.*, vol. i.), and Smart in 1892 wrote a valuable essay, *Women's Wages*, laying much stress on the idea of a customary wage. On the practical side he was among the founders, in 1888, of the Women's Protective and Provident League, since widely known as the Scottish Council for Women's Trades. Associated with him were Professor Edward Caird and Mrs. Caird, Principal (then Professor) T. M. Lindsay and Mrs. Lindsay, and others. Miss Margaret Irwin, the Secretary of the Council, writes to me :

“ In the early and difficult days when such movements were not the popular things they have now become, he took an active personal part in

trying to form amongst working women the trade organisations which constituted the original work of this Council. I have known him come night after night in the middle of a busy college session to take the chair at meetings, and try to straighten out the tangled skein of industrial troubles. I need not tell you the amount of tact, insight, and human sympathy he brought to this task. He was the first chairman of our executive committee, was succeeded by Professor Edward Caird, Mrs. Lindsay, Principal (then Professor) George Adam Smith, and now by Mr. R. L. Bremner. We knew his wonderful gift for attracting all sorts and conditions of men to him, and that he was as accessible to the humble working woman who sought his help and counsel, as to the brilliant university man. It is difficult to estimate the value of this pioneer work done by Professor Smart in the women's industrial movement, now that it has been overlaid by so many years of change and new developments, but had it not been for the sympathetic insight and devoted labour of himself and other contemporary workers, the women's movement in Scotland could not easily have attained to its present position. As one of his students, I can never sufficiently express my own indebtedness to the inspiration and stimulus both of his teaching and his personal character."

Smart had drawn attention to the problems of women's work and wages in a lecture in 1886,

in which, after a visit to Canon Barnett in London, he pleaded and pleaded successfully for the establishment of a Toynbee Hall in Glasgow. He urged that the greatest service that could be done to political economy and to the solution of the social problem was the ascertaining of wage levels, of standards of comfort, of the effect of different kinds of work on the workers. There was here a great opportunity for educated women. "They would have some chance of writing a new chapter in political economy—on the economic condition of working women. Such women—factory hands, seamstresses, tailoresses—have no trade union to protect them . . . There is no life in the whole community so hard as the life of the working woman ; there is no life of which so little is known ; and by every consideration of religion and humanity, the women of the West are called to the rescue of their sisters." ¹

¹ The following letter from Ruskin probably refers to this lecture :

My dear Friend,

I am most grateful for the lecture itself and for the report of it—and the notice. The lecture is entirely precious and to the point—not dead shot, but living shot. The report shows a change in the world indeed. I am very thankful to be yet alive to see it.

Ever your grateful and loving,

JOHN RUSKIN.

In the same year Smart carried a motion at the University Council in favour of extending university education to the people by way of evening classes under the recognition of the university. A few young graduates had, in fact, already begun this work on their own responsibility—Henry Jones, William M'Cormick, John Henry Muirhead—to mention men since well known who were contemporaries and friends of Smart.

Toynbee House was opened in 1886, and removed in 1892 to the rooms in which the members now meet, in the neighbourhood of the Old College. At the opening ceremony Edward Caird associated three names with the House: John Ruskin, who had taught the necessity of beauty to all classes; Thomas Hill Green, who had done more than any man of his generation to infuse a higher tone into the public spirit of his country; and Arnold Toynbee, who was burned up with zeal for the good of his fellow-creatures and whose short life made perhaps a more effective appeal to the conscience of the nation in the direction of social work than any life had ever done before. Professor and Mrs. Smart for many years took an active share in the

work ; the business meetings were held at their house, and they did much to strengthen the connection with the university. Mr. William Martin has for many years past been the faithful president of Toynbee House, which continues to do good work.

From 1887 to 1892 Smart lectured on Political Economy in the University of Glasgow as a substitute for Edward Caird ; in 1892 he was appointed an independent lecturer, and four years later he became Adam Smith Professor of Political Economy. The Chair was founded by the munificence of a great Glasgow ironmaster, Mr. Andrew Stewart of the firm of Messrs. Stewart and Menzies. As a young man, when visiting Adam Smith's house in Kirkcaldy on one occasion, he had resolved to found a Chair of Political Economy if ever the opportunity came. It came in 1896, and though some among the electors scented heresy in Smart's views on the gold standard, he was elected. In this same year Smart was awarded the D.Phil of Glasgow ; he had been made an LL.D. of St. Andrews three years earlier. These honours were a recognition of the occasional essays which were brought together under the title *Studies in Economics* (1895) and

of the excellent translations into English of the works of the Austrians, Wieser and Böhm-Bawerk, which Smart produced or superintended in the early nineties. These studies of the Austrian economists were undertaken at Edward Caird's suggestion, and they had the effect of changing fundamentally Smart's way of looking at the main problems of his science. Interest, for example, became a time payment and was emptied of ethical implications. Henceforward the theory of value based on final or marginal utility became the central doctrine in all Smart's thought and teaching. "The idea of final utility," wrote Böhm-Bawerk in 1891, "is the open sesame, the key to the most complicated phenomena of economic life, affording a solution of its most difficult problems." The conception has certainly had a far-reaching influence on recent British and American economists who do not hesitate to bring the payment of rent, interest, wages, and profits under its explanatory sway. The doctrine is held both by those who, like Smart, follow the Austrian or Psychological School and by those who are classed as the Mathematical School.

Smart taught himself German by the very

process of translating. He used to say that he began with nothing but the foreign text and a dictionary. Whatever his original equipment, the result was in every way admirable. He passed the books through his own mind. "It is not every translator," wrote Professor Edgeworth, "who, like Mr. Smart, is penetrated with the genius of the original language." Other reviewers remarked that Smart's introductory essays and analyses were so masterly as to save the reader the trouble of perusing the translations themselves. His suggestion made at this time that students might usefully be grouped under qualified professors and set to translate important foreign works has not been generally adopted, but he arranged with authors and publishers work of this character for several of his own students, and watched over their performances with a vigilant eye.

There were far fewer University Chairs of Political Economy in 1896 than there are to-day. Smart was supremely happy in his appointment, and never had the slightest desire for any other post. With six hundred a year and six months' holiday, a growing science and many students, what more need any teacher ask for? "When

I compare our province," he once wrote, "with that of almost any other science, I thank God every day that it has fallen to me to be an economist. There is a bigger past to dig in, a bigger present to understand, and a bigger future to work for than any of our colleagues have." A Scottish professor may be strenuous or diligently idle as he chooses. He may write new lectures in the winter and new books in the summer, or he may go on quoting from himself and other people from one session to another unto many generations of students. The students fall into two groups, a large mediocre majority who want a general education with a pass degree at the end of it, and a very small and able minority who read wide and deep for the honours degree. The pass classes in the Arts Faculty may run into hundreds in the compulsory subjects. Smart's pass class varied from about forty to about a hundred, while the honours class would not be more than a tenth of these figures. He took his work seriously, and was always fully prepared. This was equally true of all his colleagues in the Arts quadrangle, of Robert Adamson and Henry Jones, of Gilbert Murray and G. G. Ramsay, of A. C. Bradley, Richard Lodge, and William

Jack. Unlike Mr. Belloc's professors, none of these great personages hopped in their walk, or had their heads screwed round, or trembled in their fingers, or went through life with great goggles like motor cars as a punishment for their intellectual pride. And Smart least of all. He was quite sane. He was not "amazed at being himself." He was an expositor rather than an originator, explaining the familiar rather than discovering the unknown. If he had less force than some of his colleagues, he had more charm than others; if the range of his learning was narrower or less encyclopaedic, he displayed his treasures with more grace. To all his students he was a scholar, a live teacher, and a gentleman.

He needed, indeed, to be a live teacher, for the pass class met at the sleepy hour of two in the afternoon, and the honours class followed at three. He arrived punctually with his lecture written in full, often with fresh illustrative passages inserted during the morning, drawn from some recent economic incident, or a statesman's speech, or a talk over the telephone with his stockbroker. He was dressed in the most cheerful fashion, and the dull, drab class-room visibly brightened as he entered. He read

his notes so well that it seemed as though one were listening to the conversation of an enlightened, broad-minded, and kindly man of business. There was no pedantry, no affectation, no display of differences with other distinguished authorities, as is the manner of some. I recall how as a mere pass student I once interrupted him because I scented some heresy or bias in the lecture. He welcomed the interruption in the most genial manner, and invited another student to debate the point with me publicly before the class on the following day.

Marshall's *Economics of Industry* formed the skeleton of the teaching in the pass class and the theory of value its vertebral column. The lectures sometimes seemed unnecessarily elementary, but when I once suggested this, he quoted the advice he once got from Edward Caird, "Assume that your students know nothing." The Scottish undergraduate is young and avaricious, seeking value for his money, and Smart rarely had any trouble from inattention; rather the problem was how to restrain the student from burying every word of the lecture in a note-book for resurrection on the day of judgment. Smart partly checked this by circu-

lating in advance printed summaries of his lectures.

In the honours class public finance and taxation were the staple topics, together with any contemporary social problem which might be agitating the country or the city. It was impossible to have the city out of one's mind in the economics class-room in Glasgow. The clang of the hammers on the Clyde mingled with the professor's voice as you sat on the benches. Through the windows you saw the smoking chimneys of factory and foundry under "the engineering skies." And when you went out into the wind and rain past the massive houses of the industrial captains to a lodging with a concealed bed in Partick, or to a settlement in a slum off the Cowcaddens, the grim strenuous life of the workmen, the grey streets of lofty tenements "ruled into pigeon holes," with thirty or forty families on a single ticketed stairway, made any permanent escape into the realms of pure theory impossible.

Intemperance, housing, and the taxation of land values were the civic problems to which Smart gave most of his mind in the years immediately preceding and following his election to the

Adam Smith Chair. He was an original director of the Public House Trust (Glasgow District) and one of the founders of the Glasgow Workmen's Dwellings Company. The former secured control of a number of ordinary public houses and tried to run them on "model" lines, placing them in the care of "disinterested" managers; the latter applied the same principle to ordinary dwellings, selecting tenants according to income and character, and placing the oversight of the properties in the hands of paid resident caretakers. Ruskin, it will be remembered, had made somewhat similar arrangements with Miss Octavia Hill for managing house property.

Glasgow, like the rest of the country, was giving very special consideration in the late eighties to the question of housing. The Medical Officer of Health, Dr. J. B. Russell, had written powerful pamphlets on the subject, which resulted in the appointment, in 1888, under the aegis of the Glasgow Presbytery, of a Housing Commission, of which Smart was a member. In December, 1889, Smart lectured for the Glasgow Social Union on the Housing of the London Poor, and a committee was appointed there and then to organise a company to provide in various parts

of the city a few good object lessons in thoroughly sanitary housing on a sound economic basis—not with any hope of supplying all the needs, but rather for the purpose of encouraging others to carry on similar work. Smart was one of the most active members of the committee.¹ The Glasgow Workmen's Dwellings Company was an offshoot of this committee, and was floated in 1890 with a subscribed capital of £40,000. It has proved the proposition laid down by Smart in 1889 that it is possible to supply thoroughly sound, sanitary houses at the rents of the insanitary houses in the same neighbourhood, and yet secure a fair dividend on the capital invested.

The Glasgow experiment, under the able guidance of Mr. John Mann, has been admirably conducted, and is a valuable demonstration of what can be done for the decent poor by selection and supervision. But it leaves unsolved the housing of the most improvident and least

¹ Associated with him were Professor James Mavor (now of Toronto), Professor Gilbert Murray, Councillor William Bilsland, now Sir William Bilsland, Bart., Lord Provost of Glasgow, 1905-08, and the Honorary Secretary of the Glasgow Social Union, Mr. D. M. Stevenson, now Sir D. M. Stevenson, Bart., Lord Provost of Glasgow, 1911-14.

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disciplined element in the population. This problem in particular has been the subject of constant public discussion in Glasgow. In his Rectorial Address to the University in 1884, John Bright told the startled students that over 100,000 persons in the city lived in houses of one room, and proclaimed with the Psalmist that "the needy shall not alway be forgotten: the expectation of the poor shall not perish for ever." The position seventeen years later when Smart delivered an important lecture on *The Housing Problem and the Municipality* was as follows: Out of 156,000 occupied houses, 36,000 were one-roomed houses, and 70,000 were two-roomed houses. Of these, over 21,000 were ticketed houses accommodating 78,000 persons. These were houses of less than 2,000 cubic feet, upon the doors of which the Corporation had affixed a metal ticket giving the total cubic contents and the legal maximum of inmates allowed, calculated at 400 feet for each person above ten years of age. Twelve per cent. of these ticketed houses were habitually overcrowded, and about 2,000 of them were in an insanitary state. The Corporation had spent hundreds of thousands of pounds pulling down

slums and building new houses and shops, but the "unselected tenants" had moved into fresh areas, and new social tumours had developed. Opinion was divided between those who were for proceeding with further large schemes of municipal housing and those who would confine the activities of the Corporation to housing the unselected tenants in bare sanitary shelters with indestructible fire-places and indestructible bed-frames, and with nothing of wood, plaster or paper in their composition. Smart leaned to the restricted and rigorous policy, but advocated the appointment of a Municipal Housing Commission to go into the whole matter. The suggestion was a novel one, and was adopted. A Commission was appointed, consisting of nine representatives of the City Council and six leading citizens, of whom Smart was one. The Commission took evidence from December, 1902, to June, 1903, under the chairmanship of Sir Samuel Chisholm, Bart. Witnesses submitted precognitions, and the evidence was reported and published verbatim. Smart took the keenest interest in the proceedings, missing only three of the forty-two sittings. Many of the problems raised by the witnesses he discussed

with his Honours Class week by week. The Report was a compromise. Briefly, the Corporation was urged, (1) to use its powers firmly to renovate, or close and demolish insanitary property ; (2) to build suitable one- and two-apartment houses for the respectable poor thus dispossessed ; and (3) to experiment with a building of the plainest construction for the limited class of reckless and dissolute. Smart made his experience on the Commission the basis of his address on the *Problem of Housing*, which he delivered at Cambridge in 1904 as President of the Economic Science and Statistics Section of the British Association. On this occasion he met Mr. Balfour, who, in the following year, nominated him for a seat on the Poor Law Commission.

The Corporation of Glasgow had also taken an influential part in promoting attempts to tax land values, and had drafted a Bill with that object. Proposals of a similar character had been laid before the Royal Commission on Local Taxation (1901) by the London County Council. Smart spoke and wrote much on this controversial subject, usually, as he said, putting on the drag rather than applying the spur. The evils complained of did not justify a tax,

let alone confiscation. In face of the competition of virgin soils abroad, it was absurd to say that landowners enjoyed an iron monopoly. "I should say that in the interests of a people rising so rapidly into the possession of wealth, it is expedient rather to confirm the traditions of property than to overthrow them."

No one was more surprised than Smart at the revival of the protectionist agitation by Mr. Chamberlain, and no one was less moved from old moorings. He fully shared the imperial sentiment of the time, whether it was expressed in Mr. Chamberlain's speeches or in Mr. Kipling's verses. He argued the case against a *Return to Protection* (1904) on the usual orthodox lines, but what really governed his attitude was the fear of the political corruption which he thought would inevitably follow in the wake of the proposed fiscal changes. He had an ill-disguised contempt for politicians, believing that they sacrificed the search for truth to the desire for votes and office. The reservations of ministerial replies to questions in the House perplexed his honest mind. He was privately approached in 1910 with a view to his representing one of the Scottish

University constituencies in Parliament. Here is his characteristic reply :

“ Please convey my grateful thanks to those who were kind enough to think of me. If anything would tempt me to enter politics, it would be an academic seat, and, when I remember the great names who have represented the Universities in the past, I feel that the highest honour has been done me in considering me worthy of being a candidate.

“ But I am an economist. I detest party politics. I could never ‘ vote straight ’ as any constituency would think ‘ straight,’ and would indeed have a right to demand. I am more than content with my quiet life of thought. I would not, in fact, change it to be Prime Minister and Andrew Carnegie rolled into one.

“ All the same, I am honoured and proud by your suggestion.”

In 1905 Smart was appointed a member of the famous Poor Law Commission. He was greatly pleased with the honour. He rearranged the work of his department, leased a flat in London, and prepared himself, as he then thought, for three years’ hard labour. He insisted on continuing much of his ordinary class lecturing, and for this purpose he journeyed frequently by night between Glasgow and London. He did

the work of two men, and shortened his life. The Commission held over two hundred meetings, and in addition visited institutions in all parts of the kingdom. Smart was Chairman of a Documents Committee which examined every old blue-book or government publication which had the slightest relevance to the wide reference of the Commission. He signed the Majority Report, and was responsible for writing much of the text and several of the memoranda which accompanied it.¹ The time to write the full story of the Commission has not come—if it ever will—but I am particularly indebted to Lord George Hamilton, the Chairman of the Commission, for the following generous tribute to Smart :

“ Professor Smart was my colleague for five years on the Poor Law Commission. His industry and co-operation were invaluable. Without exaggeration, I think I may say that the reference and composition

¹ According to the Report itself Smart wrote the following Memoranda :

The Report of the Commission of 1832.

The Principles of the Poor Law Amendment Act of 1834.

The Poor Law Commissioners, 1834-1847.

The Poor Law Board, 1847-1871.

The First Six Years of the Local Government Board—
the Crusade against Outdoor Relief.

The History of the Scots Poor Laws prior to 1845.

of the Poor Law Commission imposed upon its members the heaviest burden of work ever undertaken by a Commission in this country. It was calculated that since the reform of the Poor Law in 1832, over a hundred official public enquiries and reports by commissions and committees had been made into various parts of its administration. To master and revise this stupendous retrospect of work was only a small part of the duties of the Poor Law Commission. There was hardly a philanthropic, financial, fiscal, social or industrial movement of any importance during the last generation which did not bear in some way or other upon the operation and results of Poor Law administration.

“As an illustration of the endless and necessary ramifications of such an enquiry, I would take the typical examination of a witness of knowledge and experience from some great industrial centre. After having stated the facts and statistics connected with the rise and fall of pauperism in this neighbourhood, as the case might be, the next enquiry would necessarily be—what are the causes of this improvement or deterioration? Then the floodgates of information were opened, and discrimination and perception were required to closely follow the replies of witnesses so as to ensure that, whilst the Commission obtained a sufficient knowledge of the cause of the changes, they did not investigate right up to their source and origin the influences at work which initiated these movements. Many of the changes indicated and the results attributed to them laid themselves open

to controversial cross-examination. The Commission, upon the composition of which the Chairman was not consulted, was composed on the principle of selecting the most prominent and well-known protagonists of antagonistic schools of thought. There were some Commissioners whose *rôle* would more properly have been that of witnesses rather than of judges. It is quite unreasonable to expect any man or woman of ability and prominence who for more than a generation has been associated with a certain cause to suddenly and publicly change their views because they come in unpleasant contact with facts which tell against them. Their natural attitude towards witnesses who differ from them is to try and break down their statements and make the witnesses accept, not what they think, but what their questioners put into their mouths. On all questions and difficulties of this kind, Professor Smart's attitude was admirable. He would obtain the information necessary to enable him to come to a conclusion, but he never used his exceptional brain-power and knowledge to browbeat or confuse a witness.

"One of the primary objects of the Report of the Majority was to give an impartial but instructive summary of the changes and revolution effected during the last eighty years in the general industrial system of the country, and no man upon the Commission could perform that task better than Dr. Smart, and he willingly undertook it. Part VI., Chapter I, of the Report of the Majority was almost

entirely written by him, and it is a masterly summary of the social and industrial development of the country since 1834. If published by itself in book or pamphlet form, it would have been universally admitted to be a most valuable contribution, as giving a true insight into the causes of many of our trade and industrial controversies. Buried in a big blue-book, it is known only to the few sociologists who study the whole Report.

"Invalidity Insurance (Part VIII., Chapter 1) of the Report, also emanated from his pen, and its conclusions became the foundation of the insurance scheme of Mr. Lloyd George.

"But, in addition to undertaking to write large portions of the Report, Professor Smart accepted, with certain of his colleagues, a burden of exceptional magnitude. It was found impossible, owing to the vastness of the subject itself and its innumerable ramifications, to prevent the proposed Report from attaining large dimensions. To get a report of 700 pages containing masses of controversial matter through the sieve of a large and disputatious Commission would seem to be an almost hopeless task. The hundreds of amendments, some merely verbal, others of substance, which poured in daily from different members of the Commission were in themselves an almost insuperable obstacle to progress. I was much perplexed as to how these amendments could be dealt with. An idea occurred to me which the self-sacrificing consideration of Dr. Smart and other Commissioners enabled me to put in practice.

There were, in addition to Dr. Smart, two other distinguished professors, Mr. Phelps (the present Provost of Oriel College, Oxford) and Dr. Kelly (the Roman Catholic Bishop of Ross), who, as professors, had for a considerable part of their lives revised and criticised and brushed up the themes and essays of their students. Why not turn these gentlemen into a Drafting Committee, to whom verbal amendments could be referred? The Commission agreed, and to the three above-named gentlemen was added Mrs. Bosanquet, the well-known writer and lecturer, and they were constituted as a Committee.

“So well and fairly did the Committee do their work that in a short time I was able to pass on to them amendments of substance. The strain of this work was very heavy. For more than three months during the discussion of the Report, the Committee sat three days a week, and the Drafting Committee the other three days, meeting at ten o'clock in the morning and frequently working on till late at night. In this arduous job Dr. Smart's fairness, perception and literary power were of very great assistance. Dr. Smart was not a rapid writer, but his work when finished was extraordinarily sound and thorough. I have never known any report or paragraph written by him after consideration which did not stand the most searching criticism. He never over-stated his case; he was always fair to opponents, and he joined to a confidence in his own views chivalrous attention to those of his antagonists, which was far more effective than the most hostile cross-examination.

"During our visits of inspection to different parts of the country we had spare time in the evening to talk over subjects outside our immediate task. I frequently discussed with Professor Smart the origin of the exceptionally large proportion of casual labour to be found in this country. I propounded to him my theory that the extraordinary change in our industrial system during the long Napoleonic Wars laid the foundation of this ever-present evil. He partially agreed, and I suggested to him that he should write the economic side of that great war, for, whilst the historians have deluged us with books on the great naval and military commanders of that period, the economists have been almost silent upon the extraordinary changes which, between 1795 and 1850, converted Great Britain from a well-fed agricultural community into a half-starved industrial nation. Dr. Smart's last book on the economic condition of the nineteenth century¹ was, I believe, prompted by my suggestion.

"As a man and a friend, Dr. Smart will ever be recollected by those who knew him with feelings of deep regard if not affection. He was able, simple and unaffected, and his fine qualities so pervaded the whole course of his work and life that he was as popular in the class-room as he was beloved in his family and circle of friends."

Smart thoroughly enjoyed his experience as a Commissioner despite the severe strain it imposed

¹ *Economic Annals of the Nineteenth Century—1801-1820.*

upon him. His letters during this period show that he was looking with fresh eyes at many old problems, and especially at the distress arising out of unemployment, and the mitigations proposed by means of social insurance and labour exchanges. I quote from a couple of letters written in the summer of 1907.

“ 6. vi. 07.

“ This week the [holiday] effect is almost worn off by the strain of the Commission work in Scotland—which is very heavy. Finished, for instance, with Lansbury, among the slums on Tuesday night at eleven o'clock. . . . Motion was before us yesterday and made a marked impression. The dazzled English Commissioners say ‘ we are a wonderful people we Scots.’ A touch of nature from [Charles] Booth to-day touched me not a little. Taking him through the Eastpark Cripple Children’s place, he said to me, ‘ If God isn’t here, where is He ? ’ James Stewart, the Socialist, too, made a good impression in Edinburgh. He said to me afterwards ‘ How is it that all your young men are Socialists ? ’ ”

“ 1. viii. 07.

“ You know I have been at Crofters work for the last week. What I shall say to Cree, who goes to the same hotel in Lossiemouth for a month—I do not know ! I am rapidly getting converted to Government interference in land at any rate. That scoundrel [naming a landowner] would convert anybody. A barbed iron fence down at the water’s edge at T—

made me explode in a way that alarmed my friends ! But have you ever read the Crofters Commission Report of 1884 ? It is the sanest document I have seen for a long time. The sections on deer forests are enlightening—on the other side, however. My experience of deer forests as I saw them certainly agrees with theirs ; that they occupy areas which man neither would nor should cultivate. . . . I want to get evidence now on another ‘ remedy ’ of the unthinking—reclamation of foreshores. There are none such in Scotland that I know of ; there is something on the Wye, I think. I am determined that ‘ afforestation ’ should be sifted to the bottom ; it is so plausible, and yet the only people who know anything about it say there is nothing in it.

“ I should explain why I drew up these five classes [of unemployed who had to be dealt with by machinery of some kind]. It was as a challenge to the *Laissez Faire* people, on the one hand, and the rabid Poor Law people on the other. These I say—four at least—are classes thrown up by modern conditions who cannot find decent work for themselves—in open competition—and yet should not touch the Poor Law. For them, then, something more or less of a Distress Committee is needed. But a Distress Committee recognised and regularised by Government with no shame attached.

“ I think a great Labour Bureau system must come first, referring applicants to other bodies, or putting them in touch with other employers—a huge and honourable organisation of civil service,

linked with charity, Poor Law, etc. Of course it is a confession that Laissez Faire is at an end for all but the able."

The Report of the Poor Law Commission was published in November, 1909. In November of the following year Smart published the first volume of the *Economic Annals of the Nineteenth Century*. It dealt with the years 1801-1820 and, as Lord George Hamilton points out, sprang directly out of Smart's experience on the Commission, from his desire to know more of the interaction of economic and political history in the nineteenth century, of the beginnings of divided and organised labour in large factories, and of the cyclical movements of trade. At the time of his death, the second volume (1821-1830) was in the press. The task as he conceived it was a stupendous one for a man of fifty-six to enter upon—it was big enough to occupy a syndicate of scholars. But he would not be dissuaded from it, and for the last five years of his life almost every minute he could spare from college duties was given to it. I well remember the enthusiasm with which he cleared the floor of his spacious study for action—how the libraries and Stationery Office were ransacked for *Hansards*,

Annual Registers, *Edinburghs* and *Quarterlies*, memoirs and innumerable old blue books. That he managed in so short a time to produce these fifteen hundred pages, and to make the thirty years of double-columned, closely-printed yellow-paged *Hansards* live again in his readable narrative, is some measure of his power of concentration. "In future histories," as Dr. Cannan remarks, 'Smart will take much the same place in foot-notes after 1800 which Macpherson occupies before that date.' Smart was quite modest about the work. He never expected anyone to read the book as a book ; it was to be a record to save the time of other students. His industry was immense, and a constant rebuke to his less energetic students and assistants. One of them ventured to hint that "the Chief" should take a holiday. This is the reply he got :

" 17. 7. 12.

" To the Devil with your ' rest ' ! Isn't the grave long enough ? A young man has no need of rest. An old man has no time for it. I wish you would understand my plan. Summer is the only time I have for my book. The book is important for the world, therefore I have no time for amusing myself ; and I have no time for any other duties either. I have absolutely forgotten how to be idle."

He had long ceased to take much interest in university politics. He was too sensitive for the rough and tumble of committee work; intrigue was foreign to his nature. Several years before, there had been some talk of setting up a Faculty of Commerce in the University, but he preferred to develop his department on the lines of lectureships in Economic History and in Social Economics. He wrote in 1901 with reference to a proposal made for a new degree by one of the provincial universities :

“ *August 16, 1901.*

“ I am not much in love with a commercial faculty. Business is narrowing enough, and I am not sure about beginning the narrowing in years when a man should be laying a broader foundation of culture. The four or five years at College are the only time he has to lay foundations. A man might get his Econ.Bac. without taking Political Economy at all ! I don't see much in that, do you ?

“ No ! no new degree could be founded without a big turn up ; and of course all the other departments would be up in arms against it.

“ But, on the broader question, are you prepared to omit Latin, Philosophy, Physics—at least from a University Degree ? I am not sure that I am. A man has only one life.”

The *Annals* consumed his energies more and more. He became absorbed in his study and

in his class-room, and saw his friends more rarely. In every letter at this period there was sure to be some reference to the passing of the years and the need for concentration.

“ At my back I always hear
Time’s winged chariot hurrying near.”

In February, 1914, he proposed the thanks of the University to Mr. Balfour at the conclusion of the course of Gifford Lectures. During the summer of 1914 he was busy with the proofs of the second volume of the *Annals*, and also engaged on the *Second Thoughts*, which was never quite finished.

Then came the war, which affected him in an intense degree. On 7th October he lectured before the Royal Philosophical Society of Glasgow on *The Economic Dislocation of the War*. This was his last public appearance outside his class-room. At the opening of the winter session, he arranged to take the ordinary class on three days and the honours class on one day a week. This arrangement he proceeded to carry out, but after two or three weeks he was seriously unwell. By the end of November he had recovered, and was writing articles on the war in the *Glasgow Herald*.

In January he wrote to Dr. Cannan, "I cannot rise above this War. It makes me old and fain to be out of it all and at peace." About the same time he wrote to me: "This War is saddening me out of existence. . . . I have no pleasure teaching what was true enough in peace, but seems old fashioned when the economist has to sink his sympathies in the patriot." But outwardly, to his immediate circle, he was not as depressed as these sentences suggest. He discussed with his assistants plans for the third volume of the *Annals* and for the improvement of the Class Library—an institution in which he always took a keen personal interest.

His friend and neighbour, William George Black, LL.D., has kindly sent me some reminiscences of these last days.

"During recent years Dr. Smart and I made it a practice to take our before-breakfast walks together; our homes were just opposite each other in Dowanhill Gardens, but had we not walked in the morning, we should, practically, never have met, as Dr. Smart after breakfast was entirely occupied with reading and lecturing—with the exception of his afternoon walk, which took place at an hour when it was impossible for me to join him except on rare occasions. As our morning route was almost invariably the

same, we had many friends whom opportunity alone brought us. We met the same postman, the same policeman, the same school children at or about the same points daily, and Smart had a pleasant word or nod for them all. He much disliked attending committee meetings (including the Senate) because they interrupted his work ; I, through the School Board and otherwise, was on many committees ; he was always ready with helpful advice and keenly interested in every phase of social activity, with the same modest assiduity in taking in information from everybody who had knowledge to impart which characterized Lord Kelvin. The pose of 'learned man' was distasteful to both ; the *rôle* of 'anxious inquirer' was congenial. We were in the habit of exchanging certain weekly journals, and Smart's papers were always marked with neat lightly drawn red lines, showing the carefulness with which he studied everything he read.

"While his illness last session, and the war as a whole had given Smart distinctly 'a shake,' yet he was in very good health and spirits just before the end came. He appreciated the Principal's action in arranging he should lecture on the ground floor, and not in his own loftily situated class-room. Smart felt his last class was attentive and responsive, so very much so indeed that he said laughingly to me : 'I don't know what's going to happen.' He was much pleased to have finished his book and even to have revised the index, and altogether his mind was at ease—except as regarded the attitude alike of the

richer classes and the Trade Unions in time of war. 'I stood last Saturday on the Great Western Road,' he said to me, 'and tried to count the motor cars, and I asked myself—Is the country at war?' He was much distressed also by the apparent inability of Trade Unionists to answer the same question or indeed to realize that there was any question to answer. As all his life he had laboured for the better distribution of wealth, *i.e.* the earnings of the people, he was the more vexed to find so little response from the Trade Unions to the demand for such things as made for national protection and national safety.

"At the beginning of the war Smart offered his services to the Government in any capacity in which his knowledge might be useful, and he was honestly disappointed that for him and such as him there was apparently no place. So he quietly pursued his work at home, writing signed articles in the *Glasgow Herald* and the *Scotsman* on economic questions, and lending a helping hand to everyone to whom he could act a brother's part."

On 10th March he had an article in the *Herald* entitled, "Are we doing our share?" which concluded with these words :

"At a time when the fate of all we hold dear is trembling in the balance, every man is bound to satisfy his conscience that he cannot do more than he is doing to save his country."

On Sunday, 14th March, Smart had been to visit an old friend at Barrhead. Throughout the day he had been in one of his happiest moods. At dinner that evening he was struck down suddenly, and never recovered consciousness before his death on the night of the 19th, in his sixty-second year. Thus quietly, without conscious failure of strength of body or mind, he passed away among those he loved. It was such an end as he would himself have desired for any faithful citizen.

Smart had married in 1876 a daughter of the late Rev. Dr. William Symington of Great Hamilton Street Church, Glasgow, Katharine Stewart Symington, who survives him. In his Preface to his *Distribution of Income* (1899), referring to "the greatest unpaid service of all," he acknowledges that if he has done anything worth doing "either in this book or elsewhere, it has been by the faithful co-operation of her who has given me the necessary condition of continuous quiet work, the peace of home." Smart is also survived by a daughter, the wife of Dr. W. K. Hutton, Lecturer in Anatomy at the University of Glasgow. Their three children were an unfailing joy to their grandfather, and no letter of late

years was without its happy reference to his delight in their daily visit to the study.

During recent years the field of economic study has widened so enormously and the increase in the output of economic literature has been so great that it is not yet possible to estimate the qualitative advance which the science has made. And we are too near Smart's time to measure with any confidence the value of his contributions to that advance. But, while no final judgment is possible, some provisional characterisation of his work may find a place here.

Smart was a man of enormous industry and of no ordinary ability. He had not the bold and confident manner of thinkers and teachers who make disciples and found schools. He never talked as an expert having authority, but always as a mere learner. He did not think quickly, and therefore avoided disputation. He liked to make complex ideas clear to himself by re-thinking them in his own way on paper. This made him a good teacher, for he did not attempt to make plain to others what he himself had failed to understand. He reflects his own history when he says in one of his prefaces that an economist is apt to become

known as a silent man who asks questions and pronounces a judgment on labour disputes long after they have settled themselves. There was no trace in him of the dogmatism of the economists of a hundred years ago. His humility and candour shone in all his lectures as they do in all his books. And when he spoke modestly of his mental equipment he was quite sincere.¹

In a review of one of Smart's early books, Böhm-Bawerk refers to the classical naturalness and clearness of his thinking and writing. These characteristics impress all his readers. He did not think in equations and then convert his algebraical thoughts into tortuous and turgid prose. "The members all speak a peculiar language," says Prosper Merimée of our House of Commons, "perfectly untrue and without any relation to facts, but as they all use the same style, they all understand each other and so no harm is done." An enemy might be tempted to say that this equally applies to some modern economists. But it would not describe Smart. He never wrote a paragraph which is not intelligible to an educated layman. His business training guarded him against allowing theory to

¹ Cf. *Second Thoughts*, p. 25.

make him insensible to fact and practical issues were never long out of his mind.

We can distinguish three stages in his development. In the first, to which we have already referred, he is under the inspiration of Carlyle, Ruskin and Caird. In the second, the theory of value as put forward by the Austrians and as developed on marginal lines by Dr. Marshall is the chief moulding influence. In the third, his experience on the Poor Law Commission has brought home afresh the problems of unemployment, of the residuum, and of social progress in general. The *Studies in Economics*, with its ethical interest in the economic situation, is the characteristic utterance of the first period ; the more strictly theoretical *Distribution of Income* of the second ; and the *Second Thoughts* of the third period, where the moral earnestness of the first stage and the theoretical knowledge of the second are blended in a mature and deliberate judgment upon the main tendencies of our industrial civilisation. He chose for the first of these books a motto from Roscher : “ Our study begins and ends with man.” In his last book he gives voice to misgivings which have haunted him as to the distribution of wealth and the manner of life of

the workers who produce it. The dominant interest at the end as at the beginning of his career is ethical: the moral reconstruction of Consumption and Production. He wants a fine life for every human being. He admits that he may be going beyond his proper beat in his *Second Thoughts*, but the temptation is irresistible "to look over the hedge and ask where his science comes in in the general scheme of things." He is no exception in this desire. There are doubtless sciences whose devotees are moved by no emotion, and stirred by no wrong. Where the subject-matter is industrial humanity, this is difficult. *Pectus economicum facit*. Economists may live up to the austere ideal for short periods, but few there are who are pure and simple and who for long periods do not look over the hedge. For only by so looking can they discover whether man is any nearer settling in the saddle with all things put under his feet—and to hasten this victory has been, as Dr. Marshall truly says, the mainspring of economic study. In Smart's mind a constant conflict proceeded between the economic ideal of increase of product and the moral ideal of increase in the quality of human life. Ruskin may be reduced to footnotes in the

text-books, but he has a way of leaping into the page in their closing chapters when judgment is passed on the scheme of things. No one with Adam Smith's co-ordinating genius has appeared in the twentieth century to enthrone the results of psychology, biology, history, and statistics in a monarchical science of political economy surrounded with a halo of accepted social philosophy. To-day the method of inquiry varies from writer to writer between the poles of abstraction and realism, and the use of kindred sciences varies with the author's predilection and training. The method and substance of Smart's work are in the tradition of Adam Smith and John Stuart Mill, in whose writings scientific discussion, practical aims, and social ideals are intermingled.

The number of really influential conceptions with which men work is few, and they usually are ideas which were absorbed fairly early in life. It is not difficult to enumerate the ruling ideas which recur most often in Smart's teaching. All, or nearly all, the second thoughts of his last book appear in his early *Studies*, but they are now expressed with the subdued enthusiasm and moderated hopes which have come with age.

Foremost is the central place of honour which

he gives to the employer who organises the working world, puts capital and labour into partnership, bears the brunt of the struggle to find markets, pays wages, and takes for himself what relentless competition leaves to him. Here he drew from his own experience and from Carlyle's doctrine.¹ "Carlyle's name for the employers exactly indicates their function; they are the captains of the somewhat ragged regiments of industry." They are the self-elected leaders of an army which cannot live on the tax-payers, but has to make its own pay. Why cannot we raise the employing function to the level of the professions? "Is not a squad of a few hundreds of men or women workers a far bigger clientele than any doctor or teacher or clergyman ever ministers to?" For the surface competition must not blind us to the fact that men compete to serve the public. Divided industry is another name for complex co-operation. The industrial revolution has brought about an organic interdependence of the intensest intimacy. The worker producing what he neither eats nor wears would

¹ Cf. *Studies in Economics*, p. 211; *Distribution of Income*, Book II. Chap. ii; *Annals*, i, 609; *Second Thoughts*, pp. 153, 171.

go hungry and naked but for other brother workmen who are producing food and clothing. "From the head of our crowned republic down to the scavenger on the streets we do make our living by serving each other and the conscious recognition of this—as it is recognised in the professions—would go far to make every man's working life a moral discipline."

The elevation of trades to professions was an abiding aspiration with Smart. "A 'trade' is said to be that which a man follows in order to live; and a 'profession' is that to follow which a man lives."¹ He felt that the immense accumulations of capital and the universal organisation of economic service had made it possible to raise the majority of workmen to a "noble, dignified, realising life" if they would but look less to their wages and more to the fact that they were contributing by their labour to the common good. It is a hope to which he returns in his *Second Thoughts*, as we shall see in a moment.

¹ Henry Jones, *Idealism as a Practical Creed*, p. 118. Cf. Zimmern, *The Greek Commonwealth*, p. 274: "The neglect to study the effect of the different modern professions upon character, when we are always insisting, and rightly, upon the importance of 'character-forming' education, is one of the strangest lapses of nineteenth century economics."

The investigations of Sir Robert Giffen and his statistical successors into the growth of the national income in relation to population were much used by Smart to encourage his readers and to check the impatience of his students. "The abolition of poverty is now within our reach," he wrote in 1895, "if we, as a society, are really bent on its abolition." Wealth had grown twice as fast as population, and had opened up to the many the possibilities of the fine life hitherto confined to the few. The universe was friendly, the modern world was young. What was most needed was that the best brains should enter the noblest profession and organise capital, invention and labour so that there should be no misdirection of production, no waste in consumption, no friction from the currency. "Now that the world is passably rich, should we not draw breath, and try to organise the industrial life with an end to the character and conduct of the workers?" he asked in 1910. In other moods, as often when writing the *Distribution of Income* (1899), it was the comparative poverty of the world which impressed him, the newness of the economic framework of society, its marvellous smooth working and the duty of being more

content with the rate of progress, for if many rich men got more than they deserved were there not poor men who were getting more than they were worth ?

The *Distribution of Income* is a sustained and luminous discussion of the method by which the factors of production are paid out of price, and of the degree to which—by means of substitution and mobility—arbitrariness is eliminated from the payment. The argument is summarised in the opening paragraphs of Chapter IV. of *Second Thoughts*, and it has been worked out by Dr. Marshall in the *Principles of Economics* and by the younger English economists who have come under his sway. It has been truly described by one of them as “a beautiful theory of distribution,” but he has taken care to add in the same breath that it works in the world as it is against enormous friction.¹ I am not sure that Smart remembered “the immense step” (Cournot’s phrase) between theory and reality when summing up in favour of the rough justice of the present distribution in the closing chapter of the *Distribution on Income*. The very clearness of his treatment makes it dangerously easy to mistake

¹ Professor Chapman, *Political Economy*, p. 229.

abstractions for ideals. Little or nothing is said of the power of monopoly ; private property, inheritance and free transfer of property are assumed in a paragraph ; and the collective income which we increasingly enjoy as citizens is briefly dismissed. So vitally important is this last consideration, for example, that we find a professional economist recently pointing out that " the régime which the nineteenth century has developed is one in which we must regard wages as a *provisional payment to labour* out of the national income, a supplementary distribution being made in the form of public services or of gift."¹ These considerations do not invalidate Smart's theory ; they only indicate its inadequacy to a complete judgment.

It was possibly some sense of this which led him to write the *Second Thoughts* at intervals during the last two or three years of his life. It is clearly unfinished, but it is probable that he would only have wished to add a short epilogue. The little book, with its earnest spirit and temperate expression, its deep concern for the millions

¹ Macgregor, *Evolution of Industry*, p. 136. Cf. what Smart says on redistribution by taxation in *Second Thoughts*, pp. 40, 41.

“prisoned for ever to the accident of economic birth,” its fear of radical or rapid change, is a perfect mirror of Smart’s mind. Professor Dicey hardly conceals his amazement when a distinguished living economist (Professor Nicholson), at the close of a prolonged scientific inquiry, adds a final chapter on the relation of political economy to morality and Christianity. “Is it conceivable,” he asks, “that Ricardo or Malthus would . . . have favoured his readers with a confession of faith, beginning and ending with *credo in unum Deum*?”¹ But is not this simply a witness to the widespread realisation to-day, as compared with a century ago, that the conclusions of economics must be brought to the bar of ethics? And it is surely clear gain to the nation when economists who cannot be charged with neglect of their specialist ideal—the increase of product—should themselves confront the challenge of the wider ideal of morality: the growth of personal freedom and happiness based on virtue. At any-rate this is what Smart now does. He puts to himself a series of fundamental questions: What is the purpose of man’s life? Whither is the economic life leading us? Is it helping *every*

¹ *Law and Opinion in England*, p. 446.

man to develop the God that is in him? Is there room and opportunity for a fine life for all *within* the economic framework?

The answers are conditioned by the fact that we are living in an era of impersonal capitalism and machine production. The main division of labour to-day is between man and machinery, and one of our supreme tasks is to control machinery in the interests of man's spiritual life, so that work may make men at the same time as it makes goods. The balance of good in the present organisation of industry was such as to make Smart unwilling to imperil its continuance, but his satisfaction was sadly clouded as he reflected upon the fine life which had been his happy fate, and the toilsome lot of the majority of men engaged upon undeveloping work. Even in the businesses of the most enlightened employers of our time, as he points out, half the work is unskilled, and therefore not human. The work itself does not yield the possibility of a fine life.

There are at least three ways of escape from this dilemma. We may see the whole labouring and working world through the eyes of a Kipling or a Verhaeren and console ourselves with the poetic quality of steamships and furnaces and

admire the multiple splendour of all forms of energy, mechanical and human.

“ Poets of power do now themselves reveal
In epic iron and in lyric steel—
In every engine exquisite that sings
The soul's new empire over soulless things.”

Or we may turn to an “ expert in happiness ” like William Morris and try the craftsman's way of remoulding the world's work. We may build a civilisation, as masons once built the cathedral of Rheims and the market square of Ypres, giving back to men “ a solace which they once had and always should have in their daily work,” putting all mechanism which serves great elementary needs under the control of the community, ceasing to produce useless things, and setting free the imaginative forces now imprisoned. Thousands have joyously leapt to the battlefields of Europe because they felt the stirring of new adventures and new loyalties which the routine of banks and shops and factories failed to awaken within them.

Smart deprecates any heroic solution. He asks for no economic martyrdom or unreasonable sacrifice. “ All the change I ask is the conscious adoption of a purpose.” Let us all, from artist

to mill-girls, *consciously* recognise the economic life as the mutual and reasonable Service of Man. That is all—he says in his most persuasive manner. Unlike some Socialists he does not want to overthrow the present “capitalistic system” and substitute a world of craftsmen. All he asks for is—a moral revolution! This is a third solution to the dilemma. Our escape from the bondage of machinery and soulless work lies in a change of mind and heart—lies, in a word, in a social religion which will moralise our economic relationships. He does not say with Ruskin that competition is a law of death; he says, rather, that competition *is* co-operation, if we think it so. “Religion,” we are told, “prescribes no new duties; it has no province of its own, separate from the rest of life. But it gives a new significance to duty and a new intensity to our aims.”¹ As the first fruits of this moral change, Smart would like to see reasoned and responsible spending on the part of consumers in place of the thoughtlessness which now prevails. And in the realm of production he asks us to reconstruct the employing motive and divorce it from selfish interests. These are no great things to ask, Smart gently

¹ Henry Jones, *Idealism as a Practical Creed*, p. 128.

protests. But of course they are most tremendous demands to make on society as we know it, and while the shock of war has shown that the courage of a soldier is the most easily elicited and most common quality of human nature, it has also shown that the love of wages and profits is among the most cherished general instincts of masters and workmen who remain within the modern economic framework.

But it is no part of our task to pronounce as between competing schemes of social salvation. Smart's ideal of joy in labour, of character developing by means of labour, of room and opportunity for a fine life for all, is as noble as any economist has ever cherished. Our happy duty is to bear grateful witness that in the manner of his own life and work he was not unworthy of the future he hoped for mankind.

THOMAS JONES.

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Dr. Smart wrote a few short articles for the *Dictionary of Political Economy*; various Memoranda for the *Glasgow Municipal Commission on Housing*, and for the *Poor Law Commission*, and many articles and letters from time to time for the *Glasgow Herald*, the *Spectator*, etc.

CHAPTER I

WHY SECOND THOUGHTS

"It is a favourite maxim of mine that history, while it should be scientific in its method, should pursue a practical object. That is, it should not merely gratify the reader's curiosity about the past, but modify his view of the present and his forecast of the future. Now, if this maxim be sound, the history of England ought to end with something that might be called a moral. Some large conclusion ought to arise out of it; it ought to exhibit the general tendency of English affairs in such a way as to set us thinking about the future and divining the destiny which is reserved for us."—Seeley, "Expansion of England."

It is the privilege of age to be reminiscent, and perhaps I should, in any case, explain why a hitherto orthodox economist, for the moment, goes outside his own beat.

It is many a year now since my much honoured chief, Edward Caird, then a successor of Adam Smith as Professor of Moral Philosophy in Glasgow, discovered, as he said, that I "could teach," and handed over to me that part of the work belonging to the tradition of his chair for which he had no great liking, Political Economy.

But before I came under his influence—an influence which soon became overwhelming because of the greatness of the man and the intimacy of our friendship—and while still in business, I had found the springs of my intellectual life, like many young men of my day, in Carlyle and Ruskin. The former I never met, but with the latter it was my good fortune to get into close touch. As I came to know him well, I experienced nothing of the disillusionment which one often does on meeting a great writer in the flesh. It seemed to me that there never was a more entirely lovable man nor one who tried harder to carry out the principles which he preached. I carried my hero worship, indeed, to what might be thought an extravagant length. I became a member of his band of disciples, the Guild of St. George. In doing so, I had to subscribe the wonderful oath which he wrote for the Companions :

“ I trust in the nobleness of human nature, in the majesty of its faculties, the fulness of its mercy, and the joy of its love. And I will strive to love my neighbour as myself, and, even when I cannot, will act as if I did.

“ I will labour, with such strength and opportunity as God gives me, for my own daily bread, and all that my hand finds to do I will do with my might.

" I will not deceive, or cause to be deceived, any human being for my gain or pleasure ; nor hurt, or cause to be hurt, any human being for my gain or pleasure ; nor rob, or cause to be robbed, any human being for my gain or pleasure.

" I will not kill nor hurt any living creature needlessly, nor destroy any beautiful thing, but will strive to save and comfort all gentle life, and guard and perfect all natural beauty, upon the earth."

Taking—and intending to keep—a vow of this kind meant more than do most professions of faith, and I could wish no better for the world than that every business man had to conform his everyday conduct to such an oath of allegiance—for in business there are not yet the traditions of unselfishness and service to mankind which are wrought into the fibre of the professions. I began my literary life in 1880 by publishing the inaugural address to the Ruskin Society of Glasgow, *John Ruskin: His Life and Work*. When I followed this up in 1883 by *A Disciple of Plato*, he added a note: " There is no word I want to add or change up to page 41, but, as regards what follows, I would like to add that, while I admit there is such a thing as mercantile theory, distinguished from social, I have always said that neither Mill, Fawcett, nor Bastiat knew

the contemptible science they professed to teach." Then, greatly to his astonishment, I became an economist. I have the letter in which he says, "You!"

I never, indeed, could see anything like contradiction between the main lines of my friend's writings and the science he so frankly abused. It is, I think, no treachery to his memory when I say that he judged Political Economy rather by what he supposed it to be than from first-hand knowledge. In very many instances, he saw right to the heart of economic principles. For instance: he was insistent that the essence of wealth consisted in its power over men, and that overreaching and exploitation were social treachery. He preached—before his time—the economy of high wages. He dwelt continually on the honourable and responsible—indeed the professional—task of the employer. He was, to use his own words, "an utterly fearless and unscrupulous free-trader,"—"let other nations, if they like, keep their ports shut; every wise nation will throw its own open." But, whatever one thinks of its place among the sciences, Political Economy is at least a separate branch of knowledge, with a difficult theory, and a difficult history of theory, and Ruskin had neither the time nor the interest to give years to it.

What I, for my part, found in Political Economy was a science whose main object was, not defence of any particular system, but explanation of how men, consciously and unconsciously, work into one another's hands, and get and give each his daily bread. I saw it analysing what we do in the every-day life of making an income and spending it; gathering up facts into categories and generalisations; drawing deductions of what men in general will do in the future from observation of what they have done in the past. All this seemed to me as impersonal as anatomy, as the writing of history, as the observation of the tides—and as necessary. I began to think that Ruskin had been making a wrong attack; had written as if economists approved of what they explained, and applauded what they described.

He had, it is true, some justification for this. Political Economy in his time was a little arrogant. It had conquered its position only after a hard and long fight against ignorance, misunderstanding, and vested interests; but, after Ricardo "educated the House of Commons," and Huskisson and Parnell made Adam Smith's *Utopia*¹ into a practical policy, it was rather carried away by

¹ "To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it." *Wealth of Nations*, Bk. IV., Ch. II.

success, and some, at least, of the economists of Mill's time had passed from a strictly scientific impersonal attitude into one of defence, if not of entire justification. Filled with admiration of what the economic system had done, they were rather pleased than otherwise that its success did not depend upon moral purpose, but was the outcome of its very nature. In the modern world of industry, as Adam Smith said, the man who is guided purely by self-interest, and intends only his own gain, is led to promote an end which was no part of his intention. With this result before them, it was almost to be expected that men who began as teachers should end by turning preachers, and proclaim that all would be right with the world if only the "economic laws" were allowed free play.

The truth and the shortcomings of this view may be put thus. In the economic life, most men think only of the profit or the wage they make, and are not even conscious that they are "servants of man." But how do they "make" that profit or wage? Only by producing and selling to the public what the public wants—they cannot sell anything otherwise. The inspiration of industry is purely democratic. And if "what the public wants" is good and wise—if it ministers to health and sound digestion, if it feeds, and

clothes, and houses, and amuses man—there is no necessary theological implication in saying, as Adam Smith did, that here is an invisible hand which leads the purely selfish individual to promote the interests of the community.¹ Many of the attacks on the so-called evils of competition would be answered if it were seen, as Adam Smith again said, that the opposite of competition is not co-operation but monopoly, and that, however strenuous competition is, it is always competition to have the opportunity of serving. An economist is always struck with the real co-operation which underlies competition, and, when he sees this, it becomes part of his duty to show that therein is a defence of the ordinary, apparently sordid, business of life which evidently is never noticed by the careless observer. Most men are, perhaps, best employed when they give their whole-hearted attention to earning an income by providing the public with its daily bread.

¹ The words are familiar, but they are worth quoting again : " He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. . . . He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it."

But the economist, in the strict line of his science, has, as faithfully, to point out that the public does not always know what is good for it ; that it often demands, and offers a high price for, things which minister to physical and mental ruin, and which involve capital—and, what is worse, compromise labour—in the making of these things. So far as I know, the economist never defends this : he chronicles, and, of course, condemns it as he passes—just again as the historian, describing some political intrigue, cannot help passing judgment on it. He never confuses “ effectual demand ” with moral demand, nor commits the absurdity of saying that “ goods ” are good. He is the historian of the familiar and the commonplace, and generally, like other historians, he points out where certain conduct leads. As a fact, one of the best-known departments of Political Economy is to show the difference or connection between immediate individual gain and national advantage in the long run.

I cannot go further into this—I am not giving an introductory lecture on Political Economy. Suffice it to say that I saw, every day more clearly, that in Ruskin, as he said himself, an economist had been lost, because he was born and remained to his dying day a moralist—a higher trade, no doubt, but a different one. Let every

cobbler stick to his last, I thought to myself : someone must do the smaller task ; this subject is big enough for me.

Well, it is only a universal experience that no man ever begins the study of a science without learning in a very short time that the longest life is not sufficient to master even a little bit of it. My life has been spent ever since, first in learning my alphabet, and then in trying to keep pace with the thoughts of my colleagues, at the same time as I wrote economic history. Of necessity, I became an economist pure and simple, all because I had to learn and teach a science. I began late in life, because I had to earn my bread and butter first, and although, to know one trade from top to bottom, is the most precious of all trainings for an economist, I had to get rid of a great many prejudices and pre-judgments which any employer inevitably acquires. I have had no opportunity to return to the enthusiasms of my youth. I have, necessarily, abjured all politics, crying a plague o' both your houses, and rejoicing, I am afraid, in absolute freedom from anything but the "economic bias." I have not even taken any practical part in great industrial questions, my invariable experience being that, while I was thinking over the problem, and trying to see all the sides, it had solved itself and passed. With

the exception of three useful years as a Royal Commissioner on the Poor Laws, I have grudged time for anything but the dear vocation of the scholar.

But, of late, I have felt that a man may carry this grammarian attitude too far and too long, and, under an idea of loyalty to his science and want of confidence in himself, may go down to his grave with something unsaid. And in revising my best book—if I may call it so without any extravagant idea of its being even a good book—and forcing myself to sum up a great stream of tendency which I noticed in our economic life, I had these questions forced upon me: Where is this economic life *leading us*? Are we content that our successors should pursue the same direction as we and our immediate ancestors have followed? However vaguely any goal to “economic progress” is conceived, is it a goal big enough for a society becoming conscious of itself and of its meaning? And, in its last issue, is it a goal which *every man* may, consciously and with all his heart, adopt as worthy of his life? Or is “business” a compartment of life by itself—a sad necessity of our animal nature—which we must, so far as possible, escape from, or cut down to the smallest limit, if we are to be what God meant us to be?

These seem to me very serious questions. I am reminded of what William Godwin looked forward to in the last days of the eighteenth century. We were progressing in wealth, he said, at such a rate that, soon, half-an-hour's labour in the day would give us all we needed for the mere animal life, and then the rest of our time would be given up to pursuits worthy of humanity. Fifty years later, J. S. Mill wrote a very notable chapter in which he asked these very questions—that chapter in which he said that it was questionable if all the mechanical inventions yet made had lightened the day's toil of any human being—using the words :

“ I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on ; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress.”

Mill looked forward, indeed, confidently to what he called the “stationary state,” when man would call a halt ; when no one would be poor and no one would desire to be richer—when the “art of living” would be the employment of mankind.

Neither of these men, it will be noticed—so unlike each other—thought that the economic life, as they knew it, was everything. It was a phase—a necessary phase—due to the fact that the world was then poor.

I may be wrong, but it seems to me that the only change in our attitude to-day is that we are rich and that we do not even ask these questions. We act as if the economic life would give us every opportunity, not only for living comfortably and luxuriously, but for living as men should—fulfilling the higher as well as the lower ends of our being. Instead of putting any limit to our wants, and using the time saved for a worthier life—instead of revising and selecting—we have increased our wants, both in quantity and quality, and spend all our time, as before, in providing for the satisfaction of them ; with the result that the economic life has all but crowded out every other kind of life. The mere earning of income takes up by far the greater part of every man's time and energies. The whole framework of society has become economic, and everything must find a place within that framework if it is to have a place in life at all. No one of us escapes the necessity of justifying his existence, either by himself working or by lending the factors of production which he owns to other

men to work with. All of us, from top to bottom of society, make our incomes by selling goods—that is, throwing what we produce on the market and taking the prices which the wants and resources of other people put on these products.

All very well. Our economic progress is a magnificent record. The most grudging critic must confess that it is at least an immense advance on a society where the framework was birth and privilege. But I submit that we do not ask the old questions. Not only are we as far from the “stationary state” as ever, but we have ceased to feel it an object of desire. We have not the excuse, which Mill suggested, that we are working for posterity—in order that those who come after us may pursue the “art of living.” We accept the economic life as, practically, the whole of life. We never think of anything else for our successors. And what other things we do are done in the by-going.

Again, I say, all very well. I welcome it with all my heart, *if* we carry the “art of living” into the whole of this economic life. But I seem to see that what good we do is done, for the most part, in the *spending* of our incomes, whether that spending is done by ourselves or by the Chancellor of the Exchequer for us. There, it may be, we are animated with a conscious social and moral

purpose. But, in that huge part of our life which is taken up with "business"—the making of an income—is it any exaggeration to say that, for the most part, we leave moral purpose out of the question? And when I say "moral purpose" I say "human purpose," for the differentiation of man is that he is a moral being. Surely it is a painful confession of failure if a man who wishes to "spend a week with God" has to leave his business and go "into retreat"!

So, having come to a time of life when I realise that, in the ordinary course of nature, the pen may fall from my hand any day, and having something on my mind beyond what I have already written in the service of my science, I have thought it well without further delay to get it down.

CHAPTER II

THE DISTRIBUTION OF WEALTH

THE unequal distribution of wealth among individuals—meaning by that the very different amounts which fall under their disposal during the year as income¹—has been the subject of comment, generally, indeed, of condemnation ever since there was any wealth to distribute. One of the earliest sermons on record had, for text, Lazarus full of sores begging at the door of Dives who fed sumptuously every day—with the rather startling corollary that, in the next world, for no very obvious reason, the distribution of “good things” would be the other way about.

To me, that wealth should be unequally distributed among individuals is not so surprising

¹ It may be as well to say plainly at the outset that this is the distribution of “wealth” which I mean to discuss all through. It is not the distribution of “property,” under which some have land, some capital, some nothing, but the distribution of “income,” under which some have pounds, some shillings, some pence per week.

as the fact that man should have wealth at all, for there is no other animal that has. Property accumulating, growing, changing form, and passing down by succession through generations is a purely human creation. Perhaps if we understood better what material wealth is, and how it is "made," we should wonder less that some have much, others little. But, in any case, if the distribution were a "natural" one, following the lines of animal life, no one would wonder at its inequality. Suppose the starlings—a set of natural beings which struck me, when writing this, as having some resemblance to Man in the largeness of their appetites and the propensity to quarrel over their food—instead of starting out afresh every morning to replenish a bare larder, could save and accumulate, the last thing one would expect is that every starling should have an equal amount. The largest share would, of course, fall to the strongest robber and fighter among them. It is, then, rather creditable that we should feel any surprise, not to say indignation, over the co-existence of riches and poverty.

The fact is that, in thinking of this Distribution, we are, all unconsciously, influenced by the ethical idea—the idea that comes only with man. We assume that men have certain "Rights"—privileges which come to them by the mere fact

of being born men and not starlings. And, just as we say, and seem to believe, that a man has a "right to live," though denying the right to all his brother creatures, so we sometimes extend the proposition and say that every man has a right to a comfortable and well-fed life—both beliefs being equally ill-founded as "laws of nature." Evidently the whole matter requires analysis.

The inequality of material conditions in the old world is only what might have been expected. In spite of the rather tawdry pomp and circumstance of the upper classes—lovingly 'dwelt on by painters and poets to the entire exclusion of the drab monotonous life of those who worked with their hands—the world was then very poor, and the main determinants in the distribution of what wealth there was were hereditary power and privilege. To these inequalities, the community fell heir in the latter part of the eighteenth century, when the great inventions and steam brought about the Industrial Revolution which introduced the Factory System. We did not then start from an equal distribution and degenerate thereafter into an unequal one. We had many centuries of national life behind us, and the new system began with inherited inequalities. That is to say, there never was a

golden age of equality of wealth: there was rather a leaden one of inequality of poverty. It is this that explains the universal condemnation of luxury in the old world. When there was so little to go round, the few who spent any of it in riotous living inevitably plunged the many below the poverty line. The waste of wealth was without excuse because it involved waste of human life.

This succession to inequality I consider essential to any adequate dealing with the subject. For what defines our problem is that, under the new system, where power and privilege count for little, and where the prominent characteristic is Free Competition or Free Enterprise, the inequalities remain as great as ever.

Once we realise that this is our problem, the first thing we ask, almost instinctively, is: Why, considering the immense growth of wealth since then, has the distribution not become more equal? But if the question is "almost instinctive," none the less does it assume a great deal. Surely it assumes that the increase of wealth, alone and by itself, might have been expected to bring about more equality. And my counter question is: Why should it? For, when forced to answer this, I am afraid we shall find that our instinctive question rests, rather unthinkingly, on the idea

of the community as a great family, actuated by the purpose of making wealth subordinate to its well-being as a whole—abolishing poverty, giving equal opportunities of the higher life to all the citizens, and so on. It may be granted that, in these latter days, such a purpose is being embraced and consciously carried out in many directions, such as public health, universal education, the relief of poverty. But, while perhaps generally recognised as desirable, the equalisation of income *at a sacrifice to some* has scarcely emerged as part of the national purpose.

There is an analogy which I think we shall find useful. We have all known many young men who started life with glowing aspirations of what they would do for the world when they became rich. And we have generally, I am afraid, witnessed that, as time went on and they became rich, they never did anything but what other people do.

Was it that, as they grew older, they became selfish? I do not read it so. The answer is more honourable. It is that, as a man lives and gives hostages to fortune, he finds that his money is not his to deal with as he likes. He mortgages his life to his family, the little circle he calls "his own"—finds its growing claims most urgent. He spends his money on them, and lets the world

go by. Allowing for the weakness of all analogies from the individual to the community, that is how I read the story of the nation since the start of the Factory System.

A century and a half ago—to go no further back than the economic history I know best—the richest community on earth was very poor, both absolutely and per head, when judged by modern standards. Men lived on the land and by the land, and land is a hard mother to her children in these northern latitudes, although a wise one in that she makes them work hard. We know now that she has almost illimitable wealth locked in her strong boxes. But she kept the key, and no one knew of this wealth for many and many a century. Coal, and iron, and oil, those obvious forms of wealth—what did our ancestors know of them? or, even if they knew, what means had they of extracting them? For the most part, they scratched the surface and took what they could pick up. So men, for the most part, lived by agriculture, and agriculture produced little; for, although science was advancing, its application to the fields was very slow and even late, as compared with its application in other fields of industry.

This reminds us of a fundamental fact in the economic history of the world. It is that,

till there is an agricultural surplus, sufficient to do more than feed those who raise it, there can be no advance in wealth at all. Every one must be his own provider, and must be tied to the land. And, till that surplus is very abundant, there can be no considerable division of labour, and thus no start in the production of wealth.

But man does not live by food alone. If he did, it would be now as it was then ; land would be the great object of wealth. And, as it happened, science won its first great triumphs in its application to the production of other forms of wealth. In rapid succession, after 1760, came the great textile inventions—the Spinning Jenny, roller spinning, the mule, the powerloom, calico printing, bleaching, wool combing. At the same time, came the steam engine, replacing the uncertain water power, opening up the coalfields, and bringing the smelting of iron by coal.

All these inventions, of course, had little direct effect in increasing the food supply. But they furnished the possibility of illimitable increase in the *other* forms of wealth—the innumerable goods and services which men desired. And, if the productive powers of the land were not much increased although engines could do what man never did before and the speed of the spindle

was multiplied by the hundred, the "manufactures," as they were now called—cottons, woollens, linen, silk, hardware, earthenware, glass, etc.—gave us the means of bringing food in exchange from all quarters of the earth. International communication brought specialisation in the food supply. The great plains of Poland and the north of Europe experienced the stimulus of demand from a nation which was devoting itself to making the other forms of wealth.

This, then, was really the beginning of our national wealth, and we do not get the right historical perspective till we appreciate how young the modern world, with its wealth and its problems of wealth, is. Thenceforward the Colonies sent forth from the old world did not begin life anew: they took from the Mother Country the means of rapidly opening up virgin resources, and their great produce helped to make her rich. We should speak more guardedly of the riches of the old world. A careful examination of any old print would show that the most splendid processions of pomp and luxury in the Middle Ages were poor things compared to the parade of a modern circus on its opening day.

Now, if things, in other respects, had gone on as they were doing a century and a half ago, and if the same kind of people and the same number

of people were now enjoying the immense wealth which the application of science to natural resources has poured into the world since, the problem of to-day would be very different from what it is. But, parallel with the increase of wealth, there were other two increases which substantially changed the situation.

(1) One was the growth of the Human Family. In the first twenty-five or thirty years of the nineteenth century, the population of this country increased more than it did in the whole century previous. Growing wealth, that is to say, made more mouths possible. I do not mean that people had larger families. But large families did not die of starvation, and, more than that, they did not die of plague and other epidemics. They lived longer. It was science again that came to the aid of human life in another way—drained the cesspools, discovered the vaccine lymph, opened the windows, turned poisons into cures, fought with death in all forms.

Thus, although the total amount of wealth grew, the possibility of greater well-being and comfort to the community did not grow so fast as it might have grown. Hungry stomachs are, indeed, accompanied by working hands, but our growing numbers have laid a growing burden on the national resources. But for the growing

wealth, the present millions of our population would not be here at all,¹ while, all the time, the 120,000 square miles which contain all our other resources remain unchanged. In terms of my guiding analogy: if our generous-hearted youth, rising from poverty to great wealth, had remained unmarried and had lived as simply and frugally as in his bachelor days, he would, no doubt, have carried out the fine schemes for the community which he dreamt of when he was young. But the young man has married, and his growing wealth has to subsist a family as well as himself. And many a man would be wealthy as a bachelor, and is yet poor as the breadwinner of a household.

Seeing, then, that we started with inequality, it *might* be the case that the reason of the poverty which still prevails is that the human family has increased as fast as the wealth. In any case,

¹ It would be difficult to say whether a still increasing population is an economic advantage or not. The balance sheet would contain many items on either side. But this may be said, that all our Unemployment is not only a dead but a double loss—just as increase of imbeciles or bedridden persons would be. The economic right to life may be conceded to the man who produces as much as he consumes; it must be a moral right to life which allows the pauper, the invalid, and the criminal. It is this that makes the prevention of Unemployment an urgent question—it is not only an individual hardship, but a social burthen, and any scheme which would make an economic use of the unemployed would be “reproductive expenditure.”

there are always two progressions to be taken into account, wealth and population.

As it happens, however, we have this pleasant statistical fact as regards our own country that, between 1811 and 1911, the population of these islands increased over two and a half times, while the National Income increased over six times.¹ And this seems to mean that, so far as amount goes, every individual of us to-day might be more than twice as well off as every individual was in 1811.

(2) But, besides the increase of population, there is another increase to be considered which seems to me, on analysis, to have a very real bearing on the distribution of wealth. It is the growth of Human Appetite.

It is an old saying that the appetite grows by what it feeds on. Perhaps the genesis of the observation is the striking difference between the animals and man in this respect—a difference which might well find a place in natural theology. Our brothers of the fields continue, century after century, to seek the same food: if they find it, they eat and thrive; if they do not, they lie down in the pasture and die. They try no

¹ For calculations of the national wealth in the early part of last century, see my *Economic Annals, 1801-1820* and *1821-1830*.

experiments in new diets ;¹ and, even if food is abundant, they never overeat—living among enemies, it would be too dangerous. They wear the clothes they were born with ; live in the holes where their ancestors burrowed or on the trees where they perched. They never mix their liquors ; they ask no change of air ; they invent no games. In short, they accept their environment and conform to it. But man never has enough. Even in Adam Smith's days, he could speak of "the common complaint that luxury extends itself even to the lowest ranks of the people, and that the labouring poor will not now be contented with the same food, clothing, and lodging which satisfied them in former times." If we consider it, there is only one kind of human appetite that is at all limited—the appetite we share with the other animals for that which goes into the physical stomach. We, to-day, cannot eat more loaf-bread, or more potatoes, or more beef and mutton than our great-grandfathers did—less, indeed, for our digestion is not so strong as theirs was.

But as to the appetite of the eye and ear, the

¹ It suggests strange comparisons to know that "while the great Irish famine was at its worst, abundance of salmon and other fish could have been had for the trouble of catching, yet scarcely any of the starving peasantry would consent to touch it."

back, the limbs, the mind—there is no satisfying it. To the economist, whose science starts with the proposition that Wealth is, fundamentally, that which satisfies human wants, man is a complex of needs, desires, energies, all craving for satisfaction, and calling on industry to provide the goods and services which satisfy them. This satisfaction is Life; and, as life widens and deepens, desires become needs, comforts become necessities, things which before were superfluities beyond reach become luxuries to be sought after. And, moreover, entirely new wants are born. We never curtail our wants unless forced by diminishing income: we simply increase them, and go on to the end of our lives working for the “little more,” forgetting that the hours are passing and that there are no “after hours” when we can put that little more to the use intended.

To add to this, the one appetite which, I said, was limited, also grows. Man eats no more bread, but his bread is white wheaten bread of the finest baking¹: no more meat, but the meat is boiled and roast and stewed and made up and disguised; no more water or milk, but liquors distilled and brewed, pressed from the rarest

¹ The change from brown to wheaten bread came as early as 1823. See my *Economic Annals* of that year.

grapes, and refined and mellowed with age. Here it is not the quantitative appetite that has grown but the qualitative.

On the day when I was writing this, my wife being from home, I thought I would try the kind of breakfast I loved as a child, and—to the astonishment of the shopkeeper, no doubt—I bought half a pound of peasemeal as I passed to College. It cost me three halfpence, and one third of it, with one halfpenny worth of milk, made me a quite satisfying, and, I have no doubt, an entirely healthy breakfast.

The next day, I was living in a golfing hotel in the Highlands, and my breakfast cost me 3s. Apparently my own appetite had increased, since I was a boy, by thirty-six times—and this only the strictly limited appetite for Food !

And so it is, as a fact, with all the other appetites as well ; quantity is replaced by quality—or what we think quality. No doubt, we do not require more warmth in clothes than we did, and a summer's experience in Arran convinces some of us that we may be very happy in a " but and a ben " and a " lie-to." But when one considers what the ordinary conventional woman demands, not for warmth but for dress—what both sexes demand for houses, for amusements, for change, for social engagements, for intellectual pursuits—

everyone must agree that the growth of the complex of appetites has made Man an enormously expensive animal.

The bearing of this on the immediate question is, that, while the comparatively slow increase of population has left a surplus of wealth which might, conceivably, have tended to the redress of inequalities, the unconscious rise ¹ in the standard of living of all classes has eaten up that surplus, and left the individual as dissatisfied, and with as little over to share with others, as when the standard was lower. What is worse, it has blinded him to the moral obligation of making the increased wealth the instrument towards universal wellbeing.

To sum up the three progressions in a sentence : as wealth increases, there are more to eat it up, and the "more" have enormously bigger appetites—more wealth, more mouths, more hunger.

¹ It is almost amusing to see how unconscious man is that so much of his appetite is not natural but conventional, and, again, how much of it is forced upon him by his "social position," as he calls it. The man who would rather go without his dinner than travel third class is known to all of us. It is one of the good results of the war that compulsory economy has shown the richer classes how little sacrifice there is in cutting off perhaps a half of their ordinary expenditure, and so, it may be hoped, brought back some ideas as to the moral obligation of the "simple life."

The argument thus far has been this. We started by assuming, as an evil, the inequality of wealth. Without going further back than the beginnings of the modern age, we found this inequality then in existence—a heritage from times of power and privilege ; and we found the question now being put by every thoughtful person why, under a system of free enterprise, the inequalities should have perpetuated themselves. And I have been asking, in effect, why the increase of wealth alone should even out the inequalities. The growing wealth has been all eaten up by added mouths that have grown hungrier. We have taken no step to keep down population. We have taken no step to check the growth of appetite. It may be the case that we are all, collectively and individually, twice as well off as we were.¹ The inequalities remain—only at a higher level.

Yes. And what else did we expect ? In all this enormous development in the production of wealth under free enterprise, I see nothing to

¹ From my own researches into economic history, I should say that even the rank and file of the working classes are so. Then, as now, there were good times and bad times—the cyclical movement was as mysterious then as now—but, in the worst modern depression, there is nothing comparable to the misery, say, about 1842. Of course, it is mere rhetoric—and mischievous rhetoric—to say that the rich are richer and the poor poorer.

equalise its distribution—certainly, no machinery for equalising it. Adam Smith, a century and a half ago, in a little noticed connection, spoke of the “natural distribution of wealth” as that which took place in, during, and thanks to, the system of production. It is what I have called in another book¹ Distribution according to Economic Worth—the owner of every factor getting paid what the services of that factor are found worth by those who are at once the organisers of production, the sellers of the goods produced, and the paymasters of all the factors. This “natural distribution” takes the same course now, for the system of divided labour and co-operation of many factors is the same. So long as bequest and inheritance are not restricted, the man who succeeds to wealth begins life, not only in the possession of his own Labour Power—which, by the way, that wealth enables him to train and utilise—but in the possession of a factor of production which other men want and will gladly pay him for ; and it only requires a very ordinary amount of prudence to preserve this long lead over those who start with no other equipment than their muscles and brains. To put it concretely : If a man has £1250 of capital when the rate of interest is 4 per cent., he has a

¹ *The Distribution of Income*, 2nd ed. Macmillan, 1912.

factor of production which is worth to him as much as is the labour of an unskilled human factor at 20s. a week ; namely, £50 a year. But if inequality of income is the natural result of unequal resources, why should we expect that the mere increase of wealth would remove it ? We do not expect a slow worker to make as much as a quick one, or a light soil to produce as much as a rich. Why expect that a man who is merely a worker should " earn " as much as one who is a property owner as well ? And, if we are not prepared to abolish private property, why complain of the inequalities which inevitably proceed from it ?

So one is driven to look more narrowly at the evil which we assumed, and, unless I am greatly mistaken, we have not sufficiently analysed what we complain of. Our dissatisfaction with inequality of distribution *may* be based on something quite outside the economic sphere ; perhaps on the idea that remuneration should be according to the character of the human worker, or to his wants, or to pain endured, or to long hours of work—that is, according to principles of distribution which are not recognised in the organisation of industry, for there remuneration is, for the most part, according to product, or rather to the value put upon product by the wants of the community.

But, fundamentally, our complaint is not with inequality of income itself. We do not in the least make a grievance of the inequalities, however great, in the upper incomes. No sensible man who has enough for a cultured life and is free from anxiety about the future of his wife and children, envies Mr. Carnegie his difficulties in getting rid of his income. But all of us who have enough feel unhappy about those millions who are always uncertain where the next day's bread and butter are to come from. This is the evil of which we complain.

And we feel it a reproach because, in mere amount, there now seems enough to abolish poverty altogether. Our total wealth in the United Kingdom, adding all the incomes of all the individuals together, is about £2,000,000,000. It is a colossal sum ; there never was anything like it in the world before. And our total population is 45,000,000.

The theoretical possibilities which this sum seems to open up are almost dazzling. Is it quite realised that, so far as the figures go, it is possible that every family of five people in the United Kingdom might be well fed, healthily clad, comfortably housed, with something over for the half holiday and for the plate on Sunday ? For all these things surely are possible on an income

of £222, and £222 is the dividend yielded by £2,000,000,000 when shared by 45 millions of people in circles of five.

In face of these figures, we may, I think, dismiss the idea that the reason of the still existing poverty is that "there is not enough to go round." If wealth were equally divided—not per head, for that is unthinkable, but per family¹—there is enough to make everybody at any rate well-fed, well-clad, well-housed.

"*If it were equally divided*," mark. But while, as I said, I see no machinery for equalising incomes, I see one very powerful force that would resist the equalising. Even if the strongest socialistic government were to start out with the design of, somehow or other, taking over the whole of this vast annual sum as it was produced, and dividing it out among circles of five, I submit that the interest of immense numbers is dead against it.

¹ I must emphasise "per family." It is often assumed that the confiscation of the incomes which fall to property—giving the whole National Income to labour—would put an end to poverty. But, as Professor Cannan points out, in such a case, if this were done, say that property is (now) receiving 30 per cent. of the whole income, the *pro rata* addition to earnings would be about 43 per cent.—a handsome increase, no doubt, to the majority of workers, but one which would be wholly inadequate to abolish poverty in the case of the poorest independent earners, and *nil* in the case of the invalid and incapable.—*The Economic Outlook*, p. 244.

Remember that these two milliards are the whole wealth that it is possible to divide. Thus, levelling-up involves levelling-down; and, while all those heads of households who have, at present, under £222, would, I daresay, be willing enough to try the experiment, all who have above £222—and these surely are not the wealthy alone—would heartily oppose it. In the attempt to make everybody comfortable, such a government would have arrayed against it the vast numbers who already are comfortable.

Nor would this be pure selfishness on their part—and this is where the bearing of the third element in the case, the Increase of Appetite, comes in.

Suppose you are one of the comfortable classes—I mean those above the £222 limit. Assume, for instance, that you are one of those favourites of fortune, a university professor in Scotland.

Then you have, indeed, a very fine life. You have a good social position, and you have won it, not by influence, but by brains. You have more work—congenial work—happy work—than you can ever overtake, even if you limit your hours of sleep to six, and your recreation to a round of golf on a Saturday. And you have £600 a year.

Would you be disposed to give any great assistance to a scheme for cutting down your income

to £222? Assuming that you are a strictly honest man, I answer for you: "I trow not."

And for no ignoble reason. You want your wife to be well-dressed and to have a house in which she can take pride. You want your children educated in the best possible way, and in the best possible conditions—you are ambitious for them to this extent, that you are unwilling that they should have a less fine life than you have. You want to get in a decent doctor when any of them is ill. You must insure your life heavily, for their welfare, after you are gone, is much dearer to you than your own welfare now. They are your first interest—your first charge. In doing your duty by them, you are doing your nearest duty by the State.

This takes up by far the larger portion of your income. And, when these expenses are met, you need every penny that you have over for your work—for books, for apparatus, for travel, for change: these are the very bones of your profession, and your profession is not only what you are paid £600 for, but it is your purpose in life—what you are in the world for.

You find, too, that £600 a year is far too little to allow you to do your best for society in that profession. The only argument for equalisation that would appeal to you is that, by insisting on

the £600 level for your own little circle, you are preventing other circles of men, who are as honest and work as hard, from having the same fine life. And this is a very speculative consideration.

Now turn successively to class after class, and you find the same story repeating itself. Rightly or wrongly, every class finds its income no more than sufficient to sustain the standard of life and good work it has set itself.

Even Mr. John Burns and Mr. Lloyd George find that they can spend their salaries as Cabinet Ministers in a way that is good for them, good for their families, good for their own little circle, good, I hope, for the community.

I am not concerned to defend this. In some respects the growth of Appetite—healthy enough when it takes the shape, not of self-indulgence, but of demand for the necessities of efficiency—is much to be deplored. The class standards fixed by tradition, by fashion, by social ambition, by desire of being known to be richer than others, are responsible for a great deal of expenditure which is nothing else than setting a match to wealth, and preventing it falling into the heritage of the world. It is particularly deplorable in that it has dulled the perception of the educated classes to the claims of those who only ask what

is entirely reasonable—a life which gives them some chance of realising themselves as human beings.¹

I am not, then, justifying it. All I say is that, suppose any socialistic scheme of cutting down incomes were practicable, it would, inevitably, be opposed with almost the entire weight of the comfortable classes, because their larger appetite has become a second nature.

None of us lays the blame of other people's poverty at his own door. The ordinary man merely takes what the economic forces send him ; conscious that nobody offers him anything for nothing, he does not dream that he is hurting anybody by charging the market rate for what he in turn offers in exchange. If he is a landowner, he chooses one among the half-dozen farmers bidding against each other to pay him a rent. If he is a capitalist, he takes what interest the bank offers him on deposit, or accepts the higher rate which municipalities and foreign nations offer him. If he is an employer, risking a good deal

¹ I find an evidence of this in the ordinary attitude towards wages. The steady increase of wealth, due to the productivity of organised industry, should be reflected, one would think, in a steady rise of wages—or rather a steady rise in the wage level—and has, on the whole, been so reflected. But the first thought of any employer, on the demand for a rise, is—"are the men not very well off already?"

in making goods on the speculation that demand will take them off at a remunerative price, he pays the market rate for everything he buys, and pays the standard wage to his workmen. In all this, none of these people has any idea that he is "oppressing" his fellow men. As a rule, he has not mounted at their cost but by their help. And being, as I say, very often conscious of spending the income he gets in ways that make for the good life of his own circle, large or small, he sees nothing to reproach himself with, and is perhaps just too ready to think that the poverty of other men is their own fault.

All the same, he is not happy about those millions on the poverty line, whose lives, and the lives of their families, are dependent on a small daily wage, which scarcely allows of saving, and which they may lose by a mere "depression of trade." He knows, if he thinks at all, that there is little difference between him and them as regards hard and honest work. He knows that, if he were in their circumstances, life would be one long anxiety about those dearer than himself—that he could not do his quiet work from day to day if this thought for their future haunted him every night before sleep came. He knows, or he ought to know, that the difference between a man who has a salaried post, or has some

wealth behind him, and the man on a weekly wage is almost infinite. It is not, then, the prick of conscience, but the realisation of this "infinite difference" that makes every thoughtful man ask if nothing can be done. If he has mounted by the help of the many, he feels that he ought to reach down and pull them up beside him.

This brings us to the practical question. Is it possible, without changing the whole economic system—which, be it remembered, has given us the dividend of £222 per circle of five—to give the small wage-earners more?

Yes. There are two ways. One is the way of taxation. The State may be entirely unwilling to interfere in the wage contract, or in the payment of interest, profit, and rent to private persons; that is, to interfere with the ordinary economic distribution. But it may tax the larger incomes for the exclusive benefit of the smaller; that is, may follow up Distribution by Re-distribution.¹

¹ It is, perhaps, worth noting that the principle followed in Re-distribution has little reference to the economic principles which regulate Distribution. The State pays no attention to "economic worth"—the right of the worker to the whole produce of his labour—but follows the line adopted by a parent in providing for his children—equality

It has done so since Elizabeth's time in the Poor Rate. It has done so in National Education since the seventies, and is now going the full logical length in free education and feeding of school children. It has done so, as strikingly, in Old Age Pensions—the very idea of which is that a man need not save part of his wage for old age, but may spend it all. The latest development of the same principle is National Insurance—the 9d. for 4d.

That is one way. It is rather a remedy of despair. It seems to take this attitude:—In virtue of economic causes, wages, among the lowest class, cannot rise. But the lot of this class should not, on that account, be left unbearable, and the future of their helpless children should not be prejudiced. Therefore, without disturbing the industrial organism, the State may add, not to their incomes, but to their living, by, say, insurance against unemployment, free medical attendance, education.

Well, whatever we may think of these existing and, probably, now permanent ways of re-distribution, I am sure I voice the opinion of most people when I say that I hope it may not be

modified by differences of needs. These two occupy different spheres, remuneration and gift, and the one principle should not be held to condemn the other.

necessary to add to their number. Ask the poor man himself, and I think he will answer that, instead of getting these things done for him, he would rather do them for himself; he would rather have a rise of wages than any more free provisions given him, unwillingly, by taxation.

If, then, we put aside this Re-distribution by taxation, and are still uneasy about the poverty which takes from human beings the chance of being what God meant them to be, the only other way is by increasing the wealth of the nation.

The working man, I know, is suspicious of any such suggestion. In vain does the economist prove that every extra supply of wealth is an extra demand for work and wages—that the “natural way” to get a larger sum in the distribution of wealth is to increase the total wealth to be distributed. The working man does not understand it: he does not believe it; and many interested voices tell him insistently that, if more is added to output, it never comes his way. In the present case, he thinks that an economist, as “the salaried servant of the dominant classes,” is asking him to work harder or longer, and he has a shrewd enough idea that, if any economist were set to work for a week, say, as an iron moulder

or a riveter, he would be cured of suggesting any such proposition.

But the increase of wealth does not necessarily, or even generally, mean increase of human toil. There is an obstinate belief on the part of each class among the producers that the increase of wealth is its peculiar work. The working man, naturally enough, thinks it is all due to him, because he puts in long hours and puts forth physical exertion, while his masters go about with clean hands and begin work at ten in the morning. The masters, as naturally, think that the working man is merely a machine who does what he is told, and that the person who really adds is the person who organises—the employer who, fundamentally, puts the productive factors, labour as well as capital, in the only place where they can work to any purpose. It is the old story of the fly on the wheel. Both alike forget that the increase of wealth comes from the understanding, and putting in due place, of natural powers—powers that were there all the time, only waiting to be harnessed.

To put it in a homely way: The boy at the canal lock who lifts the sluice is apt to think that he is the person who lets down the boat. The canal company which has paid for making the lock thinks that it had something to do with

it—"anybody could lift a sluice." The economist says, "Why, the two of you have done nothing more than supply the conditions for gravitation to work at the place you want it to work, and let the water seek its level."

If there is anybody who has a claim to do *most* in the creation of wealth, it is the scientific man. And is his work, after all, anything but understanding the forces of nature, and making them work, not against man but, for man? One who realises this becomes, I hope, a little suspicious of the new taxation line drawn between "earned" and "unearned" income.

The history of the progress of wealth, then, is the making of Nature work harder, not Man. It is only a question of time till we hand over all the toilsome, and dirty, and monotonous work to the forces of Nature harnessed¹ in what we call Machinery.

So I am not suggesting that, for the further increase of wealth, anybody should work harder. When he has congenial work—when all trades become professions—man will not need to be asked. He will resent being compelled to stop.

¹ I always think the old metaphor unusually rich in meaning. The "harness" by which we make a very clumsy unwilling animal do what we want instead of what it pleases, is just what engines and gearing do for steam, or cables for the electric current.

But these times are not yet ; and all I would propose is to let the production of wealth go on without interruption—that production, remember, which, while limiting the hours of ordinary labour, has increased our wealth by six-fold in a century, and will increase it ever so much faster as we learn how to make the fuller division of labour between the forces of nature working in land and air and sea and machinery, and the forces of nature working in man.

But let us be clear what this continuance of production involves, for few people outside of economists realise what our National Wealth is. Its amount is £2,000,000,000. But that is only the calculation form—the sum total, in money, of all the incomes earned by producing—what ?

Why, an annual stream of commodities and services for the living of man during the twelve months.

To make this more graphic, let me say that we might be, and remain, as rich as we are although every single thing produced during the year, except that necessary for replacing “wasting assets,” was consumed and swept out of existence by the community during the year. The only thing, in such a case, would be, that instead of adding to capital a sixth or a seventh of the income, we should make no savings.

Our wealth is not permanent wealth, like a precious metal which is first dug out of the ground in ore, then crushed and refined, and afterwards remains in the world for the rest of time. It is, for the most part at least, like the crop of corn which is produced one harvest and vanishes down the throats of the people before the next harvest.¹

In other words : it is not an enormous stock of goods, accumulated in the past and ever growing, which might be drawn on with no more evil consequences than leaving a gap. It is not like the treasure of a Greek temple, which passed, on conquest, from the service of the gods to the service of man, or like a landed estate which might be confiscated and divided among small holders. It is, in fact, a stream—a constant flow—not a reservoir. And, being so, it might dry up like other streams.

What follows ? Is it not that the continuance of our wealth depends on all the *factors* which

¹ I say "for the most part." Of course, a good deal of it falls into more or less permanent improvements and reconstruction of the environment—although these also, as a rule, require annual expense of upkeep—and, as I shall point out later, this category might be indefinitely increased, if expenditure were conscious, and conscientious, and planned for the common good. But the vast bulk of things made within the year—and chiefly the personal services rendered—"perish in the using" within the year.

feed the stream being kept up to their full capacity of feeding it ?

And this suggests a very grave consideration. We have been pluming ourselves upon our enormous wealth, and thinking well pleased of the possibilities which lie in having such an amount to divide. We have, I fear, forgotten that any revolutionary movement in society might very quickly wipe that wealth out of existence, and destroy all hopes of a better distribution—in the old metaphor, we might empty out the baby with the bath !

The Transvaal miners, if they thought out the matter at all, had this truth brought rudely to their realisation in 1913. To force the mineowners to give them a larger share of the gold which was coming up the shaft, they stopped work. The particular work they did, being management and superintendence of great masses of native labour doing the rough work of mining, when the white men stopped, the natives stopped, and no gold came into the treasuries of the mining companies. Having given this demonstration of their power for destruction, by what was described as “ a perfectly peaceable and legitimate labour movement,” the miners intimated that they would “ go back.” But, meantime, some thousands of native labourers had gone home. The mines,

as a whole, were undermanned. And then some hundreds of miners found that there was no employment for them. They had checked the current—dislocated the continuity of the industry. Mineowners, like other employers, do not pay wages out of well-lined pockets, but out of the product brought into the world by the joint exertions of capital, labour, and organisation. The gold—the concrete wealth—was still there in the mines ; in that sense the world was no poorer. But the stream of wealth and wages had, so far, dried up, and that is the kind of wealth we “live” by.

The typical form of wealth to-day, in fact, is in the shape of Power—not stuff in the warehouse, but the mill which fills it. Keep the mill running, and the warehouse will every day fill and every evening empty. But let any of the many factors in the mill, that unit of production kept together by the most complex and delicate organisation, start asunder—any factor, for the more perfect the organisation, the smaller the thing which will wreck it—let there be any break in the process, I say, from a strike of the workers to a leak in the boiler—and what happens? Why, nothing goes into the warehouse. The stream of wealth has ceased to flow.

Now all this marvellous system of producing

wealth under organisation was never planned by anybody. It has *evolved* since the beginning of the Factory System, simply by a comparatively few persons, called Employers, seeing that a profit was to be made out of putting capital and labour in partnership and organising them to make a product. And it is kept going on in the same way. Some man or other sees that the profit in such and such a trade is above the average, takes it for a sign that more of the particular class of goods can be sold at an ordinary profit, and fits a new partnership of labour and capital into that trade.¹

Call it Free Competition if you like, though the expression, as Professor Marshall says, errs both by excess and by defect. The more adequate

¹ "There is very little choice for most of us, and the choice is generally made long before the individual has any reasoned opinions on the subject. But, in so far as any judicious choice of an industry or business is possible, the greatest number and keenest activity of those who provide for the needs, real and imaginary, of mankind, will tend to devote themselves chiefly to turning out those goods and services on which the profit is expected to be biggest. There is no benevolent despot who can say 'Thousands of my people cannot get enough bread and beef: see to it that ten more regiments of my productive army are set to work to grow corn and raise cattle.' The productive army, being at work for the profit of its officers and rank and file, works along the line of most profit, being sensible business men, with no sentimental illusions."—Withers, *Poverty and Waste*, p. 18.

expression is Free Enterprise—meaning that anyone who sees an opening for making a profit seizes it—there is no law to hinder him—and the total result is that we have, as I say, a marvellously perfect organism—delicate because it is perfect—which yields us the major part of these two milliards.

And the point I insist on is that, if we are to go on increasing our wealth—and this, I repeat, is the condition of the abolition of poverty—we must *keep the organisation which produces* it at least as perfect as it has come to be.¹ Without any revolution, if the present economic course of things continues for another century, then, supposing the rank and file to get only their old share and no more, we may hope that, by the end of that time, they will be twice as well-off as they are now and four times as well-off as they were a century ago. Indeed, this consummation will be reached, in all probability, much sooner, for the growth of wealth is cumu-

¹ "The economist regards the existing inequality of wealth as in itself extremely wasteful, but sees that it must in the main be retained for the present, because it provides both the motive force and the regulator for the present system of production; and, even if it were practicable, it would not be worth while to make and introduce the ideal of distribution—the principle of equality modified by differences of needs—if it led to a considerable fall in produce per head."
—Cannan, *The Economic Outlook*, p. 251.

lative,¹ and, besides, the wealth which escapes all mention and assessment in the calculation form is probably increasing much faster than the calculable income.²

But understand what this consummation entails. There should be no misunderstanding here, and, personally, I am unwilling that anyone should assent to it without clear recognition of

¹ It is cumulative in three respects. (1) Every invention and improvement brings others within sight and reach—the motor car, for instance, beginning as a high-priced luxury of the rich, passes into the motor bus and the motor lorry and the motor cycle, and every improvement in one of these tends to cheapen the others. (2) The great division of labour gives ever more opportunities for making the most of human capacity—the anaemic scholar would make a very poor agricultural labourer, and the agricultural labourer probably would not make a very brilliant scholar, but, when there is a market for learning as well as for beef and corn, both scholar and labourer are utilised to the best purpose as wealth producers. (3) The payment of capital is a “flat rate.” I mean that, while every human producer demands more for his subsistence according as he produces more, the iron slave is paid one general rate however much it may produce. It would, then, scarcely be an exaggeration to reverse Malthus’ proposition and say that, in modern circumstances, population increases at an arithmetical rate, wealth at a geometrical.

² See my *Distribution of Income*, Chap. XI., “Income which escapes both notice and assessment.” In a word, not only does the money form conceal the real form of wealth—what money buys—but vast amounts of real wealth are being added which are never paid for at all, and are not counted in among the two milliards.

what has been going on and what is involved in its continued progress. Economic advance has not been attained without suffering. It has been accompanied all along by a weeding-out process. The factor of production which was not fit for its particular work was replaced by another—ruthlessly, in the case of land and capital, less ruthlessly, but still painfully enough, in the case of labour. The great weeding-out of land was by the abolition of the Corn Laws, when the poor lands, which had been brought under the plough by the protected price of corn, were thrown out of cultivation, or made to take a lowlier place as grass. The weeding-out of capital all the century long has escaped notice and sympathy only because there never was much sympathy with the capitalist—he, it was presumed, was a rich man and could stand it. It is now being carried to extreme lengths—particularly in America, where employers do not seem to think anything of “scrapping” their mills every few years and putting in new plants from cellar to ceiling.

Now the weeding-out of labour follows the same lines, and is the issue of the same principle; namely, that what we ask from the factors of production is Product and nothing but Product. We should never say that farming was justified

by the rent, or manufacturing by the profit. The *raison d'être* of the one is crop, of the other, goods. So the economic *raison d'être* of the labourer is, not his wage, but his product.

Submitting him, then, to the same rule as the other factors, the worker gets his wage as a factor of production. Wage is not a recompense for toil, but an equivalent of wealth produced. The labourer's wage, in other words, comes out of his product. It is what he is "worth" to his employer as adding to a saleable product.¹

And now I come to a point which gives me pain to state.

The reason why so many—the rank and file of the working classes—those on whose account we are most unhappy—are at a low level of wages to-day, is that they have not been able to keep their economic place—their place as factors of production—when compared, not with other men, but with other factors.

I have given the figures of the increase of wealth, and shown that it progresses more than twice as fast as population. Now most of that wealth—perhaps all of it—may be turned into

¹ Perhaps the most graphic conception of the employer is that he buys a number of things (sometimes goods, sometimes services), puts them in a parcel, and sells the parcel.

Capital at the will of the owner or disposer of it. But what is the typical—the chief form—of capital? It is machinery. And this again means that machinery has increased probably twice as fast as man.

Since the beginning of last century, men have been finding that machinery—the iron slave, which, by the bye, need not get the humanitarian consideration that the human slave generally got—was a very powerful friend, but was also a very deadly rival to those who came in competition with it. The terrible history of the powerloom weavers—less than a century old—is an eternal reminder of this. The community wanted cloth—it did not want weavers, or powerlooms either, except so far as they could produce cloth. The handloom weavers, once a proud, independent, and highly paid class, would not take to the powerlooms—said they could not. But the *products* of the two, the webs of cloth, competed equally, and, as the powerlooms were perfected, and speeded-up, and their price fell, the cost of production of the web fell also. The community bought the web, not asking who or what produced it; till the handloom weaver found that his web sold for enough to give him 8s., 6s., 5s., 4s. a week, when he gave up altogether, and the industry disappeared. All

the while, the powerloom weaver was making anything from 16s. to 32s. a week.

From that time onward, it was evident that, as regards most of the industries, the only place for man, as a wage-earner, was in an organised unit of production where he "worked" machinery or worked with machinery.

As the century went on, and machinery became more perfect, many parts of it became automatic and almost dispensed with attendance, and the demand for machine-tenders diminished except so far as the machines increased. But still there was room for the unskilled, for all the attendant had to do was to set the machine and supply it with material. Then machinery became not only automatic but delicate and complex. The attendants now must be skilled workmen, and the unskilled fell out.

I need not elaborate this. It is a small picture of what has been going on, and constantly goes on, in the world of factory industry. The hard work, the constant work, the heavy work, the delicate work, the repeat work, perhaps the dirty work, is taken over year by year by the machine factor—the growing factor, remember—and man is elbowed out, except where he retains a monopoly by doing what the machine cannot do.

And, parallel with this, fall the wages of those

who can do only the machine's work. Naturally. At the back of the employer is the public ; it employs him : and what the employer, like the community, asks from the factors he puts together is Product. If that product can be got from a machine-factor cheaper than from a human factor, the man disappears—just as the hen would disappear if a machine could be got to lay eggs and machine-laid were cheaper than “new-laid.” Individual employers may be large-hearted, generous men ; they may feel it the saddest of necessities to pay off workers. But they, in turn, are pressed on by the army of their competitors. The only way of selling their goods is to keep their cost as low as that of their rivals. If they cannot, they also are weeded out, and the whole organisation is thrown on the scrap-heap.

Wages, in other words, depend, like everything else, on the operation of supply and demand—the inevitable law that the value of anything, however good in itself, falls when there is too much of it. The rank and file have always had low wages because there were so many of them. They have only one factor of production on which to depend, their labour ; and that factor, in the case of most of them, could do only what I may call “horse-power work”—I mean work

that requires no particular ability but only long hours and hard exertion. But what makes the matter ever so much worse for them is that the supply of this low class labour, already abundant, is indefinitely increased by this new and growing factor, machinery itself. Wherever, in fact, man does only the same work as the machine, the supply of this "labour" or labour-power comes from wealth in the form of capital, as well as from man in the lower ranks—wealth, and therefore machinery, being all the time a factor increasing in numbers. There are, as it were, many millions of human workers running after one kind of job; and there are, besides, the far greater number of millions of machines running after the same job. It is this double supply of "horse power" that accounts for the small wage. Where man competes directly, this iron slave with the unwearying muscles, which, as we say, never requires more than a living wage whatever its product, first drags down the wages of the human worker to its own subsistence level, and in course of time replaces him—is substituted by the employer for the man.

If we agree, then, to go on as we have been doing, we must submit and look forward to this substitution; and I am afraid it means the weeding out of large numbers of the present adult

workers and of those who follow in the same line, unless we somehow prevent this fatal direct competition.

There is no use trying to stop the progress of this weeding-out. For many centuries, the introduction of the machine was slow. How slow it was may be seen by Adam Smith's scanty mention of the forms in use. In his time, he said, the "three very capital improvements" in the machinery for producing cloth were the spinning wheel instead of the rock and the spindle, where "the same quantity of labour would produce double the amount of work," machines for winding the worsted and woollen yarn, and the fulling mill for thickening cloth instead of treading it in water. Even the wheelbarrow dates only from the time of Louis XIV. It is easily seen, then, why in its early forms machinery was welcomed as an "aid to labour."¹ But when the age of invention began, and the tool showed its

¹ The careful reader will find, I think, a curious proof of this in Lauderdale's explanation why capital produces a profit, which seems so old-fashioned nowadays. Writing in 1804, when manufacturing capital was a new force, he found the reason of it in its supplanting a portion of labour which would otherwise be performed by the hand of man, or from its performing a portion of labour which is beyond the reach of the personal exertion of man to accomplish. The words seem to suggest that only as "aiding" the human factor could profit be justified.

other side to labour, it met the hostility of all those who had been doing the same work in a slower way. In 1816, and again in 1830, the agricultural labourers rose and destroyed the threshing mills. Apologies were made for the introduction of the reaping machine in 1828 ;—most of the crops came forward about the same time, and labour was not sufficient to get in the harvest before the weather broke, etc. In 1822, Maxwell of Pollok tried to get a tax put upon machinery on the ground that the human worker paid taxes on all the articles of his consumption while his rival had no such handicap. And, any time for the last hundred years, complaint was made in Parliament, by petitions and by speeches, and was answered in the same way :¹ “ We cannot hamper science by refusing to apply its results. We cannot keep back the progress of wealth.”

We can, and we do, appeal to employers to take thought how they introduce machinery that replaces man—to make the break as gentle as possible—and there is ample testimony that they respond to the appeal.² But, to think of

¹ See my *Economic Annals of the Nineteenth Century*, *passim*.

² It appears to me very significant that it is not from the employing classes that the agitation for a Minimum Wage comes. Yet the Minimum Wage most surely involves the quicker elimination of the inefficient.

arresting the introduction of the machine, is quite hopeless.

Nor is it possible to console ourselves by thinking that some other organisation of production would change all this. I see not the slightest sign of any organisation coming into being that will be a preserve of the inefficient—meaning, by “inefficient,” men who cannot keep up with the rising standard. Machinery has forced the pace, but the man who cannot keep up, must fall out.

Take Co-operation. Are the productive concerns of the great wholesale Co-operative Societies not reflexes of the best organisations outside? Is it not their boast that they have the finest mills in the country; that they can equal and beat the private employer in prices; that their workers are “picked workers,” and highly paid because they are picked?

Take our Corporation Industries. I suppose there is no public service anywhere in advance of the tramway service of Glasgow in plant and organisation. But is it the refuge of workers who are not good enough for anything else? Was the halfpenny fare—which other cities wonder at—the result of old-fashioned methods and sweated labour and low wages? The strike of a year or two ago, when applicants poured in

in shoals to fill the vacant places, is the answer. Picked men again.

When, finally, the demand is made by some that the State should take over all the great enterprises of the country, is it with the idea that they should be worked at a lower level of efficiency than, say, the Post Office? I trow not. But does not Efficiency involve just what I have said—the constant substitution of the better factor—picked machinery, picked men? The suspicion that socialism, in the hands of a democracy, would be allowed to mean lubberland, is, I venture to think, quite unfounded.

All this, then, is involved even in the maintenance of our wealth. It is the way in which we have risen to that colossal total of the two milliards. It is the way which we must keep, with all its lamentable weeding-out of inefficient workers, if we are to have that steady growth of wealth on which we rely for raising the smaller incomes without reducing the larger ones.

So I return to my proposition as regards levelling-up. I do not ask the working man to work harder or longer—although I would most earnestly ask those who have not worked before to work now, and the comfortable classes to work harder, for so we shall come to the desired consummation all the quicker. All that is

necessary is that the present means of producing wealth be allowed to take its old course.

I ask, then, what, on this assumption, is the wage earner's prospect ?

(1) First, as regards those who continue doing work which is also done by machinery—those who merely compete with machinery. So far as low wages and long hours are the reflex of the fact that the product of the human worker is the same as that turned out in the factory by machinery, divided labour, and organisation, I see no future for these workers as a class. Low as their wages are, they will, in all probability, go lower. In some cases, it seems that it is only the lowness of the wage that discourages the invention of something that would replace them altogether—“there would be no profit in it.” The majority of the “home workers” are, I am afraid, in this unhappy state.¹

(2) Second, as regards those who have almost no distinctively human skill, who lift weights,

¹ There is, however, a limited future for home work if it were directed into what may be categorised as “repairing trades.” Many a housewife would gladly pay a good price for the household mending—and it is rather notorious that the person who could be trusted with such work is difficult to find. But in this case, of course, the workers are not competing with machinery.

and shovel cargo, wheel boxes, drive carts, and carry parcels, etc. They still have a place—a monopoly place. They will persist probably in the smaller trades and branches of trades where it would not pay to employ much machinery. But, in the great trades, their place is constantly being encroached on by the stronger rival. I see no hope, economically, for the bettering of their position. There would be a hope if they could entrench themselves in their monopoly such as it is, but, unfortunately, their numbers are constantly kept augmented, from all the other classes, namely, the failures through drink, and thriftlessness, and fecklessness.¹

(3) Third, as regards the machine-tenders. It has long been obvious that the really important division of labour is not that between man and man, as it seemed, to Adam Smith's surprise and admiration, in 1776, but between man and machinery. As a matter of fact, few of us realise how much the most highly skilled brain worker works with machinery of all sorts, from books to typewriters. But the machine-tenders proper—that huge class employed in factories and workshops—divide on two broad lines. (A) In

¹ Unskilled labour of the lowest class, says Professor Pigou, "constitutes a kind of reservoir to which there is an entrance but no exit."

some trades the machinery takes over, for the most part, the brute-strength part of labour—the horse-power work—and there the attendants may be almost unskilled. In their case, as in the former one, it does not seem that they can assert any monopoly position, as the supply of such unskilled labour is at present indefinitely great. So far as this is the case, their position is not likely to be much improved. And, unhappily, many trades which once were interesting and inspiring are reduced to the level of unskilled work which may be performed by handy labourers after a very short experience. (B) In other trades, the machinery takes over, as it were, the old human skill ; it becomes more delicate and complex, more sensitive even than human fingers, and the attendant has, it may be, to be highly “ skilled ” in the new sense—skilled, that is, in the understanding and use of machinery. Here the human factor has all the monopoly advantage which the possession of such skill confers.

Notice that I speak of “ monopoly position ” —“ monopoly advantage.” The word “ monopoly,” however, has an evil savour, and, in case of misunderstanding, I may say that what I refer to is not any planned or engineered monopoly, but simply the advantage given to any factor of production by its presence being indis-

pensable to the working of the others in the making of a product. If one factor is indispensable to another and is limited, while the other factor, although indispensable, is not limited, or not so limited, the limited factor has a monopoly advantage over the other. Scarcity, where the factor cannot be done without, is always a monopoly which enables that factor, within limits, to make its own terms.

And in regard to the whole class of machine-tenders, even the least skilled of them, there is, happily, a monopoly position which sometimes escapes notice. It is that the very extension of machinery is conditioned and limited by the power of getting persons to tend it. Now, as machinery is one of the principal forms of capital, and as capital must be employed if it is to yield interest and profits, and as wealth—which is potential capital—is pouring into the world more than twice as fast as population, there must, with the increase of machinery, be a growing demand for labour, which gives it the power of holding off for higher wages. Thus I should say that there is every probability that the machine-tenders, as a whole, will be able to enforce their full share of the increase of the national income. Wherever man has learned his lesson, and treats the machine, not as a rival to be competed with,

but as a tool or slave to be worked, the very increase of the capital factor puts it at the mercy of the human factor, and wages will rise with the double monopoly advantage of scarcity and skill.

Such then—I must say it frankly—is the outlook if production is to continue on the same lines as in the past, and if distribution is to be according to “economic worth.”

In view of the fact that the great majority of the wage earners are machine-tenders, some have seen in this weeding-out process nothing less than a steady tendency towards the elimination of Man from the industrial organisation.

I do not think I need pause to argue this. Its only shadow of reason is what I have already alluded to: that much of the work which used to be done by the human factor is now done by the capital factor, and that those who try, with human muscles, to keep up with a factor which never tires, however much it is “speeded up,” must, sooner or later, fall out. If, then, all that man could do was this kind of machine work, and if machinery was a Frankenstein which only needed winding-up, there might be room for such a crude fear. But all I have said goes to show that what the progress of industry is making for is, not the elimination of man, but the thrusting

of man, violently and with suffering, I admit, into his proper place as a factor of production. It is tending to the survival of the Picked Man.

Now who and what is the Picked Man? He is the factor who can do better than his machine rival, or who can do what machinery cannot do. The human factor which will keep its place is—the *Man who Thinks*.

Not altogether, I am glad to say; for that would be too dreary a prospect, considering the millions who never think. Remember what was said a little ago—that wealth is increasing more than twice as fast as men; and that, as wealth is constantly turned into capital, the necessity of employing it involves increased machinery and increased demand for machine-tenders. Thus, parallel with the weeding-out of the unfit worker, there goes a vast multiplication of the machine which has to be tended, to some extent or other, by men who are fit to look after machinery, and, as I have said, Man, by reason of his slow comparative increase, remains a monopoly factor which is in demand.

If it were not for this, the evolution of the picked man would have gone much faster and much further. But, with this reservation, I repeat that the progress of industry is tending to the elimination of the man who is merely a

machine and to the survival of the Man who Thinks.

When, then, we insist that, in the future, the annual flow of wealth must not be diminished, making this the condition of raising the smaller incomes, we cannot hope—I must say it frankly and brutally—we cannot hope to raise the wages, to any great extent at least, of the rank and file. The increase will go inevitably to the picked man, the factor which cannot be replaced.

It is, perhaps, a gloomy prospect, but I for one shall not cease proclaiming that it is the *only* prospect, till it enters into the understanding and conscience of the nation that they must face a great revolution, and, I daresay, a great immediate sacrifice, to secure the workers in their natural monopoly over the machine rival.

If things go on as they are doing; if children are thrown out of school by the parents at fourteen and can find no entrance to the skilled trades till they are sixteen; then the streets must take them, and drag them down, or they will fall into the blind alley occupations of message boys, lorry boys, trace boys, etc.—all the melancholy list of trades that lead nowhere after the boys are no longer boys; and there is the smallest chance of the rank and file ever getting a rise in wages, for the brain, the natural monopoly,

is left fallow and deteriorating in the golden years when it should be developing. What can they become, at best, but mere machine-tenders, on the precarious tenure of machine-tenders?

And if I wanted to defend or justify the long evolution of Efficient Industry which has raised the present question, I should point out that man's place in the world is that of Brain worker, not Hand worker. The evolution, cruel as it has been, is driving him *up* to fulfil his destiny—if there be a destiny for man—forcing him to be no longer a Machine for the production of wealth, but a Man—thrusting him out of the sphere where he competed with a rival which has now proved stronger, up into the occupations where he has no rivals but his brother men.¹

One thing more. I said that the comfortable classes would never consent, willingly, to levelling down. But they may be *compelled*, and that in a quite natural and legitimate way.

Already complaints are made that competition is increasing in the higher walks of industry. If one considers the vast numbers now turned

¹ When I say "man who thinks," I mean, of course, the man who exerts any distinctively human talent, or power, or resource. The most perfect mechanical automaton ever turned out would have no chance against a very fifth-rate human dancer.

out in schools and universities and entering the literary, and the teaching, and other professions, who, once a day, would have seen no opening but in following their fathers at the plough-tail or in the factory, or in the shop, it is easy to understand the cry that these higher trades are over-stocked.

On the same lines, a friendly critic once said to me, "If your ideal is realised, and the rank and file become brain-workers, you simply reduce the pressure of competition among the working classes and increase it among the other classes."

Precisely. And is this not as it should be? The brain-workers have had a monopoly far too long; and it was not grudged them because they were thought to be rare specimens of the human race, who, in return for their valuable work, were entitled to ease, and dignity, and leisure. But now we are coming to see that this preferential position was due to the conditions of life, which prevented the masses from long and stimulating education and training, far more than to any peculiar brain-power which the few were born with. I am not sure but Adam Smith was right when he said: "By nature, a philosopher is not, in genius and disposition, half so different from a street porter as a mastiff is from a greyhound, or a greyhound from a spaniel, or this

last from a shepherd's dog." ¹ Let me point out two things.

(1) Curtailing the numbers of those who compete for the "horse-power work" will slacken the competition among these classes, and give even them some chance of the monopoly advantage I spoke of.

(2) Increasing the numbers of those who compete for the "brain-power work" will leave less place for those who fall heir to a fine position and cannot keep it by personal exertion. This will not get rid of inequalities. Capital will still get its interest—happily, seeing that the picked workers will become capitalists. Land will still get its rent—happily, seeing that the occupiers will become landowners. But those people who make large incomes by professions, by government and civil services, by employing, by personal service generally, will have to be content to realise that a fine life and congenial work and responsibility and social position are part of their wage.

What, then, I confidently look forward to is a great increase of competition among the highly-paid workers, and, consequently, a great levelling down in their incomes. And of this I do not think they have any reason to complain. Men

¹ "Had they lived in Italy," said Canova, "Pitt and Fox would have been artists."

are far too well off when they get a big money-income, and have, as well, a fine life in the making of it. For the Life is the real wage.

The fact is that, in the earlier years of the past century, man, with his eyes and fingers, was still so valuable a machine that the employing classes cried out, What is to become of us if you educate man above his station and make him dissatisfied with his position as a machine? But surely this is all changed now, when the demand of the employing classes is for workers who will do what a mere machine cannot.

And this demand, with its emphasis on the thinking factor of production, harmonises with the moral demand. Slowly, by natural evolution, by the writings of a few inspired thinkers, and by the discontent of the working classes themselves, it has entered into the national understanding that every man on God's earth has a right to *be a man*—that is, to develop himself as a person with a Mind.

I have no patience with those who claim "Rights" without asking what Rights mean and where they come from. But, if we interpret the meaning and end of Man by what we find in him that is Godlike, then, I say, the right which *every* man may claim from his fellows is that he be allowed to develop the God that is in him.

CHAPTER III

THE DISTRIBUTION OF WORK

THE preceding chapter will, I should think, if only incidentally, suggest that there is far more to be said for the present high-pressure organisation of the economic life than appears on the surface.

For one thing, it is a natural evolution—an evolution which comes out of natural needs and wants. Man does not eat angel's food. He is at the base an animal ; before he has time for anything else, he has to put food in his stomach, clothes on his back, and find himself a hole or a house to sleep in. As man has risen from the mere animal—which he was very much, I suppose, in the prehistoric ages—he has been developing and adding to his wants—the wants of his senses principally—and even yet he feels that he has got all too little to satisfy the fine life of self-indulgence to which he has risen. Indeed, I am so strongly impressed with this unsatisfied feeling that I fully understand those who, perhaps

unconsciously, think that the time has not yet come to call a halt and ask questions about ends and goals. And I have the greater sympathy with it when I find that the mere drift of circumstances is forcing man up to his true place as a human being, inasmuch as it is tending to make brain-work the recognised *métier* of the human factor—that is, freeing him from the bondage which compelled him for so many centuries to toil, laboriously and without hope, with his mere muscles, leaving the better part of him unused.

For another thing, it explains inequality of wealth under a regime of freedom. At one time I should have said, with the generous haste of ignorance, that the system was condemned by the inequalities of remuneration which seem to attend it. But, once it is seen that income is proportioned to the economic worth of the factor or factors which a man possesses, it becomes clear that there is at least one kind of justice in the distribution—that it is distribution according to *product*. It is as far as possible from distribution according to privilege, or hereditary position, or oppression—say, that kind of distribution which prevailed when it was the divine right of many classes not to soil their hands with work, but to live on the labour of others. The cases in which any man now makes an income

without contributing the services of some one, or two, or three factors of production must be very few—I cannot recall any. Even our King gets a very small salary compared to what his ancestors did, and I think it will be granted that we make him work pretty hard for it. It is not far from the truth to say that the only “privileged” classes now are the lame, the halt, and the blind, lunatics and criminals.

The more of history one knows, then, the better pleased he will be with the position to which man has attained, and the short time taken to attain it.

It will, however, be noticed that the only hardship of the present system to which the previous chapter gave any attention was the presumed “bad distribution” of wealth—the small share falling to those who do the unquestionably hard, unrelieved toil. In writing it, when I had shown that there was a strictly economic *explanation* of this inequality, and some good prospect that all those above the rank and file would, in course of time, become better off, I confess that I was pretty well pleased. For the moment, the economist in me triumphed.¹

¹ It will not, I hope, be concluded that any economist is satisfied with the inequalities that exist. On the contrary,

But is inequality of wealth the only thing we have to complain of? Is a man to be pitied only because he has a small income? And is the possibility or impossibility of raising his income the only matter worth thinking about? Asking myself this question, for the first time after all these years, I went back to my old master and understood his position. "I neither impugn nor doubt the conclusions of economic science," he said, "if its terms are accepted. I am simply uninterested in them."

It was a difference in point of view. One man will look at life as he finds it—for the most of men, a struggle to make a living. Another looks beyond, to life as it might be if men realised why they were sent into the world at all. The economist limits himself to the life suggested, dictated, and over-ruled by the satisfaction of wants. The things and services which satisfy wants are "goods," and the collection of such goods is wealth. On this he builds his science. But Ruskin's starting point was his golden proposition—which seems to me to hold deeper meanings

part of his ordinary work is the demonstration that the sum total of human well-being would be greatly increased if the rich became poorer and the poor richer. A transference of income would involve, to the one class, only the non-satisfaction of trifling wants, to the other, the satisfaction of urgent ones.

the more I look at it—"There is no wealth but Life." With the animals, indeed, living is merely healthy existence. But with man it is the fulfilment of a *purpose*. Find out what that purpose is, and you can say what is an existence big enough to be the goal of human endeavour and progress.

What, then, if the end, not only of wealth, but of being—the whole purpose of human existence, as distinct from animal existence—is not the satisfaction of wants, but Life; and what if the chief element in human existence is not wealth at all, but the life we lead while engaged in this necessary and inevitable employment of "making a living"? I remember a very old proposition which we still quote with approval, "Is not the life more than meat?" And still another—"What shall it profit a man if he gain the whole world and lose his own soul?" Taking the word "soul" out of its theological meaning, I translate the quotation thus—"What shall it profit a man if he make wealth enough to satisfy every want, and, in the making of it, misses the purpose of his life?" Once a day, there was a stone mason in Athens who could earn only enough to make his wife denounce him as a wastrel. Four centuries later, there was a greater man, who forsook his carpenter's bench to wander

about the Syrian towns, living on what his friends shared with him. And no one doubts that these were the worthiest lives ever led by men.

There, then, are the two points of view—Ruskin's and the economist's. But they are not in contradiction. To take the one is not to drop the other, but to supplement it. The clearness of Ruskin's view was, I should say, due to the poverty of his experience; that he never had to work for his living. He worked of course—no man harder—but he was a rich man's son, and his bread and butter were never in jeopardy. So he could take up the work which suited him, and find his full development in it without caring whether its product sold or not. But the constant fact which faces the economist is that the vast majority, as a first necessity of continuing in existence, have to earn enough to keep the life in, and that they earn this only by selling their labour or its products in the markets they can find. After all, though man may be a "singing angel yet," the basis of his nature is animal: he must eat before he can sing. Very few men without the backing of inherited wealth can afford to make what they would like to make, or to wait for the life which will develop them as singing angels. A very great artist may prefer

to starve rather than to keep the pot boiling. But how many of us are great artists?

And it is precisely because the nation is now so rich, and that great numbers have the time to look up from this work for a living, and ask questions about the purpose of life for themselves and their children, and ask further about the purpose of life for all men, that I propose to ask questions about this "purpose."

Here, of course, I am reminded that I am going beyond my own beat. True; but these are "second thoughts." When a scientific man has come up to the limit of his science, he sometimes wants to look over the hedge and ask where his science comes in in the general scheme of things. Every president's speech at the British Association is a proof of this. And so, fully conscious that I have no right to speak as an expert, and yet feeling that economic study brings me right up against this question—that it is the deepest question of all knowledge—and that every man is bound sometime or other to put it to himself, I ask: What is the purpose of man's life?

I see two broad answers, according as we believe in a future life or do not.

1. Say that we believe in a divine purpose explaining history—believe that man comes from

God and returns to God. Then, as I cannot believe that we are merely marking time, I think I may assume that man has been sent into this world only as a preparation—an education. We were told on the best authority "This is not your life."

If we believe this, I say, bluntly, that most of us are living as if we did not. I do not mean to say that we are not all honourable men, conducting ourselves in our business and in all our other affairs with the utmost propriety, according to the "rules of the game." But, in the deepest thing of all, we do not let this belief have much control over our actions. The vast majority who attend church on a Sunday listen with approval to the words given us "for doctrine, for reproof, for correction, for instruction in righteousness," and, I am afraid, pay little attention to them again till the next Sunday comes round. Religion and business are in different compartments. We are glad to hear what religion teaches us. We hope that we may be able to practise it—sometime. Meanwhile, we must make our bread and butter. As Lord Melbourne expressed it: "Things have come to a pretty pass when religion interferes with one's daily life."

But, surely, if this human life is a mere preparation for another which is our real life, every

thing must be considered in relation to that end which is but the beginning. Either every day must be a Sunday, or Sunday must become as every day. It is no justification of our activities that we work and amass wealth and enjoy ourselves: that is all beside the mark, seeing that we can take nothing into the next world but ourselves. The urgent question—I should say the only question—is: Are those activities an education for something better—a training—a discipline which develops all that is godlike in us as actors, not as idlers and pleasure seekers? As the immortal Quixote put the contrast: “I, Sancho, was born to live dying, and thou to die eating.”

The education may seem to us, in our short-sightedness, not very well planned. We cannot, for instance, help endless questions arising in our minds as to the colossal amount of misery involved. But whatever we may think of it, if we do believe in a divine purpose, we must believe something further. In science, we say, “*Natura non facit saltum*,” and surely the moral life will not “make a jump” because the material embodiment of it dies! If, then, we spend all our days here in doing what we know must *stop* at death because it is not consistent with that real life which is to come, I say it is a marvellously poor preparation. It is not even marking time.

In the old world, when, be it remembered, the charter of our faith was written, it was different. Then, for the moment, it appeared to the Christian that the forces of evil had got the upper hand. He had no chance of leading his rightful life ; he must expect to be persecuted, or, at worst, to escape persecution by claiming nothing, and obeying the powers that were. So life was one hard discipline of suffering—of sorrow—and the good man had to do the best he could under conditions which he could not change. That is, he had to endure—to make no claims to a free unimpeded life. Very often, indeed, he was a slave, compelled to do what his master told him. There was no preparation here for a future life except the discipline of obedience, and of exercising the Christian virtues to his own little circle and to those who were at still lower depths. Resignation was the keynote of the Christian life, and the future was to redress the present. Small wonder, then, that heaven was dreamed of as a place of green pastures and quiet waters, of rest, of absence of pain—of all that was beautiful which he could not hope to share in the present. The next world, naturally, was pictured as a place of *compensation*—where everything would be the reverse of what it is here ; where Lazarus would be rich and Dives not only poor but tor-

mented ; and one knows how far the mediæval conception carried this, and soberly contemplated the joy of the blessed as, from the safe battlements of heaven, they viewed the unspeakable woe of those who had had their good time in the former life.

But it is all different now—I need not say how different—and such a future comes into rude and even unwelcome collision with the aspirations of a present world where men are free, and already have as much of green pastures and quiet waters as they want, and count rest an intolerable burden on happy activities, and would gladly share heaven with their dearest enemy.

Assuming, then, this “preparation” as the purpose of life and applying it as a test, go over the various occupations of life one by one. They may be very useful, very honourable, from the human point of view, but the question I find most searching is : Must they come to an end at death because there is no conceivable place for anything like them in the real life beyond ? How many of our occupations will stand this test ? Worse, some of them yield a good income by providing for the baser wants of man, pandering to physical, and intellectual, and moral waste, deterioration, and decay. This seems to me rather a bad certificate of admission to the Communion of Saints.

Taking him on his own platform, I have no hesitation in plain speaking to the "professed Christian."¹ He at least has no right to shut his eyes and accept the ordinary canons of respectability. By the fundamental charter of his religion, he cannot ask a privilege to do wrong ; he knows in his heart that he dare not plead at the last assize that he did just what other people were doing. And particularly in the economic life—in the business by which he makes an income—if he believes what he says he does, he has a twofold responsibility. He has to make his living in such a way that he keeps back no human being from the same "divine right" to a free life as himself, and he has to earn it in making things that hurt no human being physically, intellectually, or morally.

I daresay I shall be told that "a man must live." Yes ; but not by hurting other people—that is no better than the paltry claim of

¹ As I say, I take the professed Christian on his own platform. I have put the matter crudely because he puts it crudely. I am writing for the plain man, and I wish to bring home to him the incongruity between his professed beliefs and his ordinary course of conduct. Philosophers and other guessers at truth may well object to my way of putting it, but, in all ages, men have built the walls of heaven with stones from earth's quarries—based the future life on their experience of the present.

some that the animals must suffer because man must have sport.

I shall be told, again, that "somebody must do the dirty work." Yes ; but why one class or even many classes ? If dirty work be necessary, why should not all do their share ?

I repeat that, in the mouth of one who calls himself a Christian, such arguments are untenable—unless, indeed, he has the extraordinary idea of God that He gives some one or two classes a privileged position as regards labour and enjoyment.

What makes the contrast more intolerable to me is that there are so many occupations which satisfy this canon, exacting as it may be—occupations in which a man may spend his life to the latest day, and ask no more of heaven than that he be allowed to continue what he has been doing ; to die in harness and take his harness with him.

Consider one trade, the trade I know best, that of a teacher—of almost any grade, for teaching is the most sacred of professions, and quite as sacred and responsible in a Board School as in a University. A teacher, I say, of almost any grade, is *living* from morning till night. He is always learning. He is a little bit richer every day in mental acquisition. He is disciplining himself.

He is thinking of and for others. His whole mind and heart are in his work. He is gaining even by his failures. In a word : he has work to do for the community which takes up his whole energies in exercise. And he has the crown and proof of it in being a happy man. So long as he has enough to keep himself and his little circle of dependents in decent food and clothing and house room, and to defray the necessary expenses of his work, what more can life give to such a man ? No doubt, he could spend more and spend it quite well, but that is beside the question. I say, without hesitation, that he has the essential things for the finished or fine life. And what is the chief element in that happiness ? I say, as unhesitatingly, his Work. Let no one think that it is not a hard life. Probably it has longer hours than any mechanical trade. There is an immense deal in it that is monotonous and therefore irksome. But it has always an end in view, and that an end which is but the foundation for more work, more growth, more success in the same line of purpose.

Now I gladly admit that the mere evolution of the economic life has brought great numbers into the happy condition of a work like this. Wherever man makes an income by the use of his brain and senses and the better parts of him,

he is on the threshold of such work, and that is the stage up to which, as I said, numbers are being driven. Wherever man falls into a profession, he has attained it. Wherever he is a public servant, he has attained it. That is to say; in all those lines of life where the thing made or the service rendered, and not the mere remuneration he gets from it, is the conscious end and aim of his work, he knows what the fine life is.

But if what I have tried to forecast in the previous chapter be true, this kind of life—this joyous, loving work in which man “finds himself”—is for ever beyond the reach of millions and millions.

Here, then, is a notable thing. In an economic world, progressing by no plan, and based only on the material fact that every man seeks to get into a trade where he can earn a living, are a few trades which give all that is wanted in the way of preparation, of education, of training, of completely congenial life. Those who fall into them do so, as it were, by accident—the trade suited them; they saw a living in it. And these trades stand out in the sharpest contrast with the others.

So I am impelled to ask the question: Suppose we had a Plato come to life again, and asked to

draw up a Republic where men should have the worthiest life, would he not do as Plato did, plan a proper distribution, not of wealth—for of that he thought little ; it only led to what he called, with magnificent scorn, a city of pigs—but of Work ?

Every scholar knows that his Republic—that city whose pattern was laid up in heaven, “ which he who desires may behold, and, beholding, may set his own home in order ”—was a community where the citizen would be born, and brought up, and trained, and disciplined, with a view to the one end of filling of the position where he could lead the best life for the good of the state—the commonwealth of men. When one of his disciples put forward the objection that he was dooming the highest class to a very hard life, his answer was that he should not wonder all the same if they were the happiest of men ; but in any case what had that to do with the question ? Ruskin only put Plato’s answer into modern terms when he suggested that the real thing is not the income, or even the use of it, but the life we lead in the making of it.

There, then, is one answer as to the purpose of man’s life—the answer which assumes God and a future. If, for some reason that we know not of, this present is merely the first stage in being ;

if we are all at school,¹ and not merely pitched into the world by chance to pick up our living as best we can, draw to ourselves as much of the good things as possible, and enjoy ourselves as we may ; it seems to me that we have reason enough to complain of the existing economic system, however successful it be in accumulating wealth, and however reasonable in the distribution of it. Again taking the religious man on his own platform, I imagine that many of our church-going people, if they ever get to the heaven they sing about, will find themselves most uncomfortable, if it be a place for which they have made no preparation but in the

¹ Whether the argument from design is outworn or not, I agree with Mr. Balfour that the argument to design remains. I should say that the world was evidently made for Man, by someone who knew man and what he had it in him to become, and gave him a great mass of raw materials that his brain and senses might develop in the working up of these materials into the things which satisfied his always growing wants. It is in and for what we call the "conquest of nature" that man has thought out his science, and it is in the peaceful co-operation of men to make the most of their earth that they have developed from savages into men—whereas, if God had given us a stomach like the cow or a brain like the hen, man would be to-day and to all time very much what the primitive cow and the primitive hen were. And, in the experience which man gains in the necessity of working for a living, he becomes the kind of animal which inevitably turns to God as the hope and fulfilling and end of human life. From what man is—what he knows that he has it in him to become—he realises what God is.

“business” in which they have earned their income. They will think, like Andrew Lang’s missionary when he heard the war whoop of the Red Indians, that they have got into the wrong paradise !

I am fully aware that I pitch the requirement too high if I were to say that every man’s life here should be such as will land him at heaven’s gate ready to go on as he has been doing. Many of our trades are so bound up with the material that such an aspiration would predicate a material future. Many of our noblest professions, indeed, such as those connected with justice and defence, actually take evil as their raw material, and seem to assume for their continuance the continued existence of evil. I only point out, for what it is worth, the fact that some of us have got into occupations which almost seem to guarantee immortality. But, granting that this can scarcely be universalised in a world where man must have his bread and butter—granting that the most we can expect for the majority is a bread and butter trade which does not interfere with the building up of character—it makes no difference to the broad proposition for which I am arguing, that a man’s daily work is a far greater thing towards the development of the God that is in him than his wealth. And, however revolutionary the idea

is, I must say that all our accumulations of wealth are little to the purpose of life if they do not tend towards the giving to all men the opportunity of such work as will have its reward *in the doing*.

2. I turn to the other answer. Most men, I imagine—and all women, in virtue of their high calling—are “on the side of the angels.” They may have no conscious faith, but they have a hope; and, if their conduct is at all affected by it, they would not care to lead a life openly inconsistent with it. All such come under my first category. But, say that we do not believe in a future life—do not believe in any divine purpose in history. All the same, I imagine that no one will be bold enough to assert that man has not made a purpose for himself (this, at least, is involved in the ethical process which wars against the cosmic process); and it is all the more necessary if the present must cure its own evils. As President Woodrow Wilson puts it: “The service of humanity is the business of mankind.” The whole of history in this reading is a gradual rising towards ideals which society has evolved; ideals of freedom, of legal and political and social rights, of security to person and property—in a word, ideals of happiness within the reach and compass of the thinking animal called man, and involving

co-operation and regulation and sometimes suppression of human activities.

Practically, this despairing view of human life makes less difference in human conduct than one would think—very much, I believe, because the Christian ideal has entered into the heritage of common thought and is adopted without thinking. From an opportunist point of view, the character and conduct prescribed by Christianity commend themselves as eminently rational. It is to a man's selfish interest—always remembering that the smallest "self" is a family—to get through life quietly and without interruption to his own work. He cannot have this quiet life unless he allows the same to his fellows. What begins, then, as self-interest develops into "unselfishness," and, generally speaking, into following the same course of kindly considerate life as religion dictates. Christianity, indeed, has saved us the invention of Christian conduct. But, all the same, the denial of a future changes the view we must take of the *purpose* of human existence. Life is no longer a preparation. It is all. It is the end. As the Owenite Socialists put it in 1839: "This world is the only heaven man has to enjoy."

Now I grant, fully and thankfully, that there are noble souls who never ask, "What has pos-

terity done for us?", but find sufficient immortality in their successors; who deem it a worthy end of life to make the future world of men happy. And I admit, still more thankfully, that most men consciously pursue the aim of leaving their children the means of a happy life. But observe the word which rises instinctively to one's lips: I say a "happy life." Happiness, in this view, is the end and purpose by which we must judge our attainment and our outlook; not the happiness of a class, but the happiness of *all*. For we cannot weigh the happiness of one class against the unhappiness of another, and pronounce that the balance of gain on the whole justifies the loss.

If this, then, is our one life—if there is no hope that, after all, something better is coming in another—then I marvel at the patience with which the millions endure it.

They are all conscious, one would think, of the infinite possibilities within them—possibilities, on the lower level, of comfort and satisfaction and pleasure and healthy activity; on the higher level, of development of faculties and senses. They find themselves, then, in a society ruled by iron economic laws. "Prisoned for ever," as one has phrased it, "to the accident of economic birth," they must find an employer or accept the

hospitality of the workhouse, for industry is all divided and specialised, and some head worker must find a place for them as mere teeth in a wheel. However modest in their desires, however tired to death of the competing struggle, they cannot fly from it and find a little piece of land where they may settle down and grow their own potatoes. They cannot be independent of other men : they are at the mercy of demand, the demand for goods that comes from the whole broad world ; they must make what somebody else wants. They cannot even offer themselves as slaves for meal and meat. The saddest thing, perhaps, is that so many millions of them are, as I have shown, under the inexorable operation of the economic weeding-out process, which puts them in competition with a rival mightier than themselves.

As an economist, I am bound to show the hapless position of this latter class. The best I can do is to give them as much comfort as they may get out of the demonstration that this is the way in which the world rises to greater and greater sums of wealth, and to suggest that it will, in the long run, drive, not them but their children, up and out of it. But this is to pronounce the doom of so many that I cannot help asking if the good God would accept that as

their fate. Perhaps it is—I think it is—because my own brains are of such very poor quality, and that I owe everything to the happy chance of a good father and good friends; but my sympathies have always been with those who have no special aptitude, and no brains to speak of.

And so I find it difficult, even as an economist, to accept the assumption that, because a man is not fit to take his place in a high-pressure organism as a factor in a unit of production, therefore he is not fit for an independent life, and that his only place is the workhouse. I do not think we dare say that. At least, we must find some peculiar sacredness about the organisation which denies him a place, before we attach such momentous issues to it.

I do not say that there is not some sacredness about a system which has made us worth £2,000,000,000 a year, and has put not only living but congenial and comfortable living within the reach of many. But if we have to put against that, as offset, the certainty that so many can *not* find any place in that organism, and, not finding a place, are incapable of being subsisted except on charity or poor relief, the balance sheet of profit and loss does not seem to me to yield a very large net gain.

Or take the life of other millions—those who *have* found a place in the organisation as machine-tenders. From early morning, while others sleep, to darksome eve, work in a factory—work for an employer whom they know but as paymaster—toilsome work, sometimes painful work, always painful when it is long—work at high pressure. And all for a wage that is sufficient to sustain the physical part of them alone. Their life is not in their work. It is in the after hours, when they come home to their tea, and have time, perhaps, for a romp with the children or for a stroll along the streets to a picture palace. And then comes sleep—necessary, welcome sleep—forgetfulness—till the steam syren at half-past five wakes them to another day of the same. This is their life; this and the Saturday afternoons and the Sunday—often, I should think, in a city, the weariest day of the seven.

I do not for a moment say that they have not their happiness—far less that they have not the conditions of a moral life.¹ But what a caricature

¹ I agree with Professor Bosanquet: "Our democratic age will be remarkable to posterity for having dimmed the time-honoured belief in the virtues of the poor." But evidently it is beyond the wit of the richer classes to understand how high is the standard of morality which poverty requires. Their life is full of temptation because of the little circle pulling at their heartstrings. "God give us enough to keep us honest," might well be added to the daily petition.

of existence it is to us who find the day all too short for the delights of mere living and working, whose life is one happy exercise from week-end to week-end !

As an economist, I tell them that, compared with a century ago, we all, the lowest classes included, are probably twice as well off as were our representatives then. I tell them, the rank and file of them, that, in another century or so, their representatives will again be twice as well off. They ask anxiously : “ But shall they have to work as hard ? ” It may be—I think it is—the case that, as the productivity of machinery becomes greater and greater, hours will be shortened ; and it cannot too earnestly be taken to heart that, if we cannot find the commonest labourer a life in his work, we must aim at the alternative of giving him a workday short enough to allow him to find himself after hours. But I see little prospect of change in the *work*. It will always be monotonous undeveloping machine-tending for them. Nothing but need, or a higher motive, would induce people to work in such a way.

And, if we were capable of wakening up and shaking ourselves from the preconceptions which a century and a half have riveted on us, if we could see that the claim of man on his fellows

is, not a high wage nearly so much as, work that will "make a man" of him, we should see, I think, that, in the further evolution of the economic life *on the same lines as in the past*, there is little hope of a future where there will be developing, free, happy life for all.

Here, then, are two answers as to the purpose of man's life. They both come to the same issue. Whichever of them we adopt, we have grave reason for dissatisfaction. If the present life be a preparation, then there are more occupations than one would like to count which are no preparation at all for anything further—many of them, indeed, hindrances to any conscientious living even in the present. If life be an end, to be judged by its happy activities, it is, thus far, a failure as regards immense classes.

PART II

CHAPTER IV

RECONSTRUCTION

My intention in writing these Second Thoughts was to give a loose rein to certain misgivings which have haunted me ever since I began to study my subject.

I see the economic life as a vast, complex, and unconscious co-operation of consumption and production. Success has been won by the application of science to natural resources, both of material and force ; that is to say, by the organisation of capital and labour in large units, carrying out production processes where the individual person and the individual capital are mere teeth in a wheel. The world of men, clubbing their needs and irresponsible desires into a Demand, pronounce what kind of wealth is wanted—what goods and services are wealth—and hold up to the organisers of these units the price it will pay.

Supply takes up the challenge and produces it at that price. And, as land gets its value from and according to the value of its crop, so does capital and so does labour get its value from its produce—not its produce as it might be, but what that produce is found to be “worth” by some employer in the production process. Those who are not fit to hold their place in the process are weeded out and thrown aside. Those who are fit have to submit to the conditions of work in and for which they are found fit. Man’s place in the world has become his economic place; his right to remain in the world at all—or at least to keep an independent position in it—is tested by his economic worth; and the economic worth of the vast majority is their worth to an employer.

This all-embracing reach of the economic life, and its determination of man’s place in the universe—I am speaking of the vast majority, not of those who, in virtue of inherited wealth, can buy their freedom—is startling enough to give us pause. It explains why an economist, who has spent his life in studying the phenomena of the ordinary working world, and particularly of the evolution within the past century and a half which has carried it to such success in wealth-making, may yet have “misgivings.” At the least, the position suggests questions which a nation, like

an individual reaching middle age and some ease of life, would be wise to put to itself before it gets too sleepy and well-fed to think of altering its ways, or perhaps gets too impatient of the failures which have dogged its success, and is tempted to try perilous remedies. For the new world began no earlier than the great mechanical inventions and the Factory System.

Having given expression to my misgivings as regards the two great matters of the distribution of wealth and of the manner of life entailed on the great majority of the workers who produce it, it would perhaps be prudent to stop and leave others to work out the answers. But, for one thing, it seems rather cowardly to close on a jarring chord. And, for another, I believe that the present economic life has in it the makings and material of something far better—and this belief has been strengthened during the war, when co-operation has become conscious, and for once the whole nation, both workers and propertied classes, has settled down in earnest to direct the making of wealth and the consumption of it to a quite definite moral purpose—the saving of the country.

I go on, then, to answer the questions with which I began; and, first: Where is the economic life leading us? Here I need only put

in summary form the conclusions of the last two chapters.

Most clearly is it leading us, with rapid and ever longer strides, to the acquisition of wealth "beyond the dreams of avarice." If I were a Gifford lecturer, expounding Natural Theology, I should take for text, "the world hath He given to the children of men." One of the pleasantest things the economist has to chronicle is how, year after year, some waste part of the earth is turned to field or pleasure-ground, some deadly force to healing, some form of ugliness to beauty, till he comes to predict confidently that it is only a matter of time till the whole world of earth and air and sea is put in requisition to minister to human wants. I take our Scottish shale as a type. It is well known that there is not one portion that does not go into the market in oil and previous bye-products—except the abominable smell. It happens that science has had its perfect way in the shale: give man time, and he will find a human use for everything on this planet—even the bad smells.

Of this growing flood of wealth, indeed, much is abused, and, if all that were to come of this conquest of nature is increasing self-indulgence, there might not be a great deal to be thankful for.

Many of the forms which luxury takes may well make any decent rich man ashamed of his order. But, allowing that some few have thought that the goodness of Providence was intended for them alone, and have vexed their souls to invent ways of destroying wealth as they have of killing time, I see in growing wealth at least four great possibilities of good.

I. Even those who are most selfish during their life-time take thought when they come to leaving it all. Perhaps, like Plato's wise old man, they bethink themselves that the tales of a life below and the punishment exacted there for deeds done here—a laughing matter once—may be true, and so seek to make their amends by founding permanent institutions for education, for art, for healing.

II. Local bodies take toll of the larger incomes of the citizens, and sink them in permanent improvements and reconstruction of the common environment, clearing away the ugly debris left by the processes in which wealth is made, restoring sunlight and air and a clean atmosphere. And governments seek to balance their war expenditure by "social budgets" and far-looking schemes for the welfare of the future.

III. As wealth grows, it passes in increasing amounts into *power* to produce wealth. If our

wealth were only a collection of things, more or less permanent, accumulating and passing down, it might very well be that most of this wealth was found to have turned into withered leaves by a change in our wants—just as the mansion-house of fifty years ago, now built round with a slum, is only fit to be let in single rooms to hopeless people. But when so much of it takes the shape of power to produce what is wanted, the increase of wealth becomes a running stream of life. It is the harnessing of natural forces which may as easily turn out pruning hooks as armour plates.¹

IV. The great majority, the masses, have everything to gain from a mere increase in the wages that falls to labour. If the comfortable classes, as I hinted, usually find their incomes no more than sufficient to sustain the standard of life they have set themselves, we may be quite sure that the average working man could spend double or treble or many times his wage in ways that would be good for himself and good for the community.

For these four reasons at least, I conclude that, in the most notorious direction which the eco-

¹ There was a wonderful confirmation of this during the war, when, by the end of the fifth month, the Unemployment Rate had fallen to 2.91 ; thus testifying to the fact that capital, in spite of its specialisation, had been found adaptable enough to be switched on to meet the wants of war almost without a break.

conomic life is taking, namely, the increase of wealth, there is endless possibility of good.

The economic life, again, is leading to better distribution of wealth. If it were true that the increase is running all to one end, the few getting richer and richer while the majority remain at the same level, further acquisition would scarcely be worth striving for. But as the assertion, though constantly made, is contrary to all statistics, and, indeed, to the commonest observation, I have dealt with the phenomenon which gives colour to such a statement, namely, that there is a large class which have scarcely participated directly in the increase of wealth—however much they may have shared in the general improvement of conditions and environment.

The economist does only his duty when he explains the economic reasons which account for this phenomenon, and shows that it is not the outcome either of force or of privilege. But the existence of such a large class is not a thing in which we can have any satisfaction. All that can be said is that they are an inevitable residuum of our rapid economic progress. Unless we slack the pace, some must be left behind. The problem with them is very much the same as every teacher has with his class—should he keep the good students behind by lecturing down to the level

of the dullest? But, even for them, there is hope if they—or the State, acting on their behalf—will force them out of their hopeless rivalry with factors stronger than themselves. And there is this much good in it, that the painful compulsion is in harmony with the moral ideal which asks that, in the division of labour, man should have work that “counts” in the making of a man.

These, then, are two directions in which the economic life is leading us, and they go very far towards the conclusion that, with all its drawbacks, there is such a balance to the good in the present system as to make us very slow to adventure on changes that would imperil its continuance.

But the third direction points to no such happy conclusion. The working life of the great majority is not such as we, who know what life is, could be satisfied with, if it were to be the life, say, of our own sons.¹

If labour—the primal curse, as so many think it²—the inevitable “cost” of existence—were a small part of life, it would not much matter what

¹ This is the true test, I think, by which the comfortable classes should measure the claims of the “others.”

² A strange misreading of the book we are supposed to know so thoroughly. Was it not the *ground* which was “cursed for man’s sake,” so that he could get only thistles for the gathering?

the labour was. But if, as I believe, the only life worth living is a life of labour ; if in the working hours, not in after hours, is the preparation for something better hereafter, it is the most serious and saddest of things that, while some few have come, as it were by chance, to a work which is endless holiday and recreation, the work of the majority is not only toilsome, monotonous, undeveloping, but takes up the better part of the day, and leaves little energy for other pursuits.

Thinking of this third direction, my misgivings return in full force and overshadow the satisfaction given me by the other two. It is not asking too much of life that the position of man in the twentieth century ought to compare well with that of his brother animals. But is not joyous work the birthright of the animal?—not wages but work. Is not the existence of any wild thing of the field or air one of constant exercise? They work, indeed, because they must. There is no one to feed them if they do not feed themselves ; there is no capital to draw on ; no workhouse to take them in when they fall sick or grow old. But, during their span of life, they are in the most splendid health. Death comes, but they have no fear of it. They thoroughly enjoy the game of living ; are, as we call it, happy. Compared with this careless life of constant happy energy, the

life of many a working man seems to me a poor thing.

Whether, however, for good or evil, these—if my argument be accepted—are the three directions in which the economic life, as we have known it for a century and a half, is leading us. It is not towards any “stationary state.” I for one can see no prospect of a time coming when no one will desire to be richer—for man’s wants, by the very nature of man, are infinite—and when no one will be poor—human weakness and mistake will always make it sure that the poor we have always with us. I see only a continuance of an endless reaching forward towards a goal which recedes before us. And if the “art of living” is to wait on the Stationary State, I see no chance of its becoming “the employment of mankind.”

Are we content, then, as the trustees of posterity, that our successors should pursue the same path as we and our immediate ancestors have followed?

The question, I am afraid, is an idle one. What is the use of asking whether we are “content” to go on, if we must go on? A man may have such poor health that the question whether he is “content to live” has no practical answer, unless he is putting the old alternative, “to be or not to be.” For I submit that the question is foreclosed. The

most revolutionary reformer has never tried to show how our increasing millions can be kept alive—much less pursue the art of living—without dividing and organising labour and capital, and becoming dependent on each other's help. As I suggested earlier, if we had kept down population and put a stern check on growing wants, we might have "lived," perhaps, on half an hour's labour in the day. But the growing population strains even our great natural resources ; new and worthy wants have been awakened, and education and example have made them universal. We must go on with an organised system of wealth-making which will yield enough to satisfy the new world of man, and everyone must come, as now, within the economic framework. There is no escape to-day for the seeker after God in the desert and in the shrine. A man must live ; and, as he cannot live without getting other people to work for him—unless he would eat shellfish and live in a cave—every bite he puts in his mouth raises the question of what he is doing to earn his right to live in the sun.

And all this means and involves that, if the economic life is to occupy the same absorbing overwhelming share of man's time and energies as it has, the art of living must be found inside it, and this art of living must be within the reach of

every one. The energies which make wealth must become the energies which make man. A working organism which did not afford a field for the "Christian virtues" would be as absurd as an organism which extruded man.

To put it plainly: If we are to be "content," there must be an end to the popular conception that the economic life and the moral life may be pursued separately, the one for the long, active, best hours of the day, the other for after hours. If the economic life is to be worthy of what we have turned it into, a life that absorbs all our energies, there must be room and opportunity in it for the Moral Life. The religious man must not feel it his duty to turn his back on "business" whenever he has got together enough to keep him in plain living—even if the "plain living" did not burden his conscience as being got at the cost of those who remain in it. He must be able to settle down in it as the home in which he is to spend and end his life.

I say "room and opportunity." I do not ask more. Although these are Second Thoughts, they are the second thoughts of an Economist,—not of one who was once an economist and subsequently saw the error of his ways. I do not forget or think little of the material limits to man's aspirations. "In the sweat of thy face shalt thou eat bread,"

is the charter of the economic life ; if the life is more than meat, the meat, all the same, is necessary. Anything I put forward, then, I put forward, not as an idealist, but as a practical economist. It would be a bad service to suggest that those who are willing to adopt the moral motive must face economic martyrdom and go out of business. All I ask is "room and opportunity."

But I am the more confident in asking this that it will certainly not involve any revolutionary or even any great change. I do not expect that the great mass of consumers and producers will ever, this side of the millennium, be influenced predominantly by moral motives. I fully recognise that the life which the majority will always follow is a mere bread-and-butter life, thinking of its wages and indifferent to its purpose. But I am as much concerned that those who must rule their conduct by moral principle should not only find nothing to hamper them, but should find full room for all their energies in the economic life—that the few men of ideas and conscience who will gradually, I doubt not, leaven the life of society, should be able to subordinate their conduct to their principles, without coming hopelessly into collision with the main current of ordinary life.

In case of misunderstanding, let me clear myself of any suspicion of thinking evil of the ordinary economic life as we have it. One who sees nothing in the daylight-to-dark activities by which the vast majority earn their living but disguised over-reaching and taking advantage of other men's ignorance or misfortune, does not know what business is. Such a view is a gross libel on that life which men see to be necessary and find to be good. The appreciation of what every passman in my class knows within the first fortnight, that in a normal exchange both parties gain, is sufficient refutation of such a stupidity. It is true that it is a life where the individual is influenced predominantly by the desire of gain for himself. This does not mean that he is never influenced by other, perhaps higher, considerations, but it remains true that "the steadiest motive to ordinary business work" is gain. The Employer, for instance, gives his capital and his time and his personal labour, turning them into services which he sells, as we say, for a "profit," getting back in time the value of his capital, plus the wages of his work and time, and the insurance premium which represents his risk of failure. The Landowner gives the use of his land, and has his land returned to him at the end of the lease unimpaired, plus a payment for "the original and

indestructible powers of the soil." The Workman gives his labour and his time, and gets, in fair exchange, a wage.

There is nothing sordid in all this—nothing of which a man need be ashamed—as may be seen if we translate the doubtful expression "desire of gain," as we may do strictly and honestly, into "making a living for himself by buying from other people what they want to sell, and selling to other people what they want to buy." And the reason why I say that I ask no great thing is that all the change I ask is the conscious adoption of a purpose. The economic life, in its essential nature, is a Competition to Serve—an unconscious co-operation of mutual service. What is required for the "art of living" is no more than the conscious adoption of this as "our reasonable service."

My thesis, in short, is that, as the only business which mankind is interested in preserving is, fundamentally, the service of man, this bread-and-butter life may be taken up by all from highest to lowest—artists, philosophers, statesmen, artizans, traders, mill-girls, domestic servants—and yet be transformed into a life of the loftiest moral purpose by consciously adopting it as the Service of Man.

And the positive issue of my Second Thoughts is that the present system is worth saving—not

only for what it has done, but for the fact that, guided by conscious moral purpose, it may be reconstructed to serve still higher ends. It is not a reconstruction of the economic life, but a reconstruction of its Motive.

The present system may be destroyed. There is every danger of its being destroyed, if conscientious people stand aside and allow educated and uneducated, rich and poor, selfish and unselfish, to drift on towards a great struggle for power over the resources of the State. And it is too much to expect that the reconstruction should be made by those whose time is all taken up by procuring the necessities of mere existence, and who do not know the economic limits. We should look to them rather for stimulus, patient with their discontent and unrest, aware that it may break out into ill-considered remedies and premature schemes. But it may be reconstructed by people who remain in the thick of it and are willing to shape it towards a purpose. The beginning must be made by those who have already come in sight of the heavenly vision.

So, at the risk of very imperfect statement, I venture to lay down the lines of how every person, who is independent enough, might "set his own house in order"—starting, of course, on the assumption that all right-thinking men acknow-

ledge the claim of every human being, as such, to have, for himself or his children, the fine life which the few know and realise. For, in this, we must not be guided by what the poor man wants, and would be content with, but by what we know life holds in its possibility for him.

The broad lines of what, with this explanation, I am not afraid to call Moral Reconstruction, would cover two fields, Consumption and Production, and these I shall attempt to set forth in the next chapters.

CHAPTER V

THE RESPONSIBILITY OF THE CONSUMER

It is a commonplace of economic science that it is the consumer, and the consumer alone, who provides the motive force for the producing organisation. It was so in the primitive state when man's hunger forced the spade into his hand. It is so in the modern, where his wants, measured and expressed in a price offered, tell the organiser of industry what to work at, set the limit within which he works, and determine what form wealth shall take. In a community where everybody makes to sell, the condition of making anything is that someone will pay for it. Whatever the kind of goods the consumer demands, the producer, who has his living to get, will make them. Whatever the price he puts upon these goods, it is the whole that the producer can get by making them. In a word, it is by the consuming public that the producing public is employed. "Whoso has sixpence," as Carlyle said, "is sovereign (to

the length of sixpence) over all men ; commands Cooks to feed him, Philosophers to teach him, Kings to mount guard over him—to the length of sixpence.”

It is quite clear, however, that the consumer seldom realises that he has any responsibility in the matter—much less realises for what and to whom he is responsible. He finds the shops full of goods ; he buys what suits him ; and uses his purchases to satisfy his wants, as unthinkingly as if the goods fell into the shops like manna from the Almighty, instead of being the products of industry on which men rely to earn their living. The economist, looking on and seeing the clear line of responsibility, is predisposed to condemn this indifference ; but, wishing to be fair, he tries to find explanations for it.

One explanation may be this. In a great many cases goods are made to order. The purchaser makes out a specification, and puts down in clear terms what he wants made—as when a government department gives an order for uniforms, or a construction company for locomotives. And sometimes even there is a fair-wage clause. But, in ordinary day-to-day expenditure, the consumer seldom dictates the fashion or sets the price of anything. He does not give orders : he accepts

offers.¹ He buys at the shops and pays the ticketed price. Thus, in the case of most things that enter into the ordinary standard of life, the initiative seems to come from the other side. The producer anticipates demand and makes what he thinks will sell. And, with the knowledge that it will sell at a certain price, and the confidence that it will sell more freely at a lower price, he is constantly substituting new factors, or rearranging the factors differently in a "process," so as to reduce cost, and, as constantly, forestalling competition by reducing his prices to the new cost. Thus the man with money in his pocket seldom finds himself obliged to order what he wants and pay what he would pay "rather than go without." When he gets to the shop, he finds the goods and with a price affixed, and, indeed, generally cheaper than the price he was prepared to give. *Caveat venditor.*

This, it may be, is the main reason why the consumer becomes unconscious that it is he who sets the working world in motion, and, for want of thought, he is generally equally unaware of his

¹ When I was writing this, a swarthy vagabond strolled in at my garden gate, and, in spite of my protests, insisted on singing "Annie Laurie" as an Italian conceived, no doubt, that it should be sung. When I refused to give him a penny, he became abusive. It struck me as a good illustration of how seldom the consumer "calls the tune."

power and of his responsibility. Finding things already made and priced to tempt him, he gets the idea that he is doing a meritorious action in buying them—unaware that, if the maker had not made a shrewd guess that he and his like would come to the counter, the shelves would never have been filled.¹

Another explanation may be that a great gulf of ignorance has opened between the spender and those who are affected by his spending. In earlier times, when the masses had few wants which they could dream of satisfying, the consumer was seldom far from the producer, and men realised their responsibility to each other ; and, when any surplus spending power was concentrated in the hands of few, these few realised probably that, on their consumption depended the wellbeing or poverty of many—witness the active hostility shown down to a late date in last century to absentees. But now, in the wide distribution of wealth, spending without thought—“denying themselves nothing”—has become a new and

¹ In time of war, indeed, the responsibility is not only stated but over stated. The consumer, then, is told in very plain terms that he is responsible for the kind of wealth he has been instructing and tempting the producing world to supply, and the duty is preached of continuing his consumption as before in order to employ the people—“business as usual,” although the clouds be falling.

pleasant experience of great numbers. The consumer knows almost nothing of the producer. On the few occasions on which he tries to find out, he almost certainly finds it impossible to ascertain what wages are paid to those who make the goods, under what conditions they work, etc., and so ends by contenting himself with the knowledge of how his consumption affects himself.

Still another explanation may be in that pernicious doctrine, which all economists have waged war against since the science began, that mere spending—"circulation of money," as they call it—is "good for trade." On this I shall not waste time. If anyone still believes that it is all the same whether he spends £10,000 in erecting a pyramid or a hospital, because they both give employment to the building trade, he is past arguing with.¹

¹ I am not usually an advocate for the extension of Government expenditure, but if anything would make me so it is the consciousness that a Chancellor of the Exchequer may often feel justified in taking large amounts from the individual because he knows that he can spend them in a purposed attempt to "make the most" of them. During the war, I could advise those who were impressed by the cry to "keep labour employed," and in doubt how to spend their surplus income, to trust it to the hands of the Government or to the great Relief Funds, which certainly would only "employ labour" in making things that really mattered during the crisis.

But whatever be the explanation, and however useless it may be to preach to the ordinary consumer on his conduct and his carelessness, surely the man who thinks it worth while to carry moral principle into all his actions will ask, as regards that very large field of action, the spending of money, how it (1) affects the spending of others, whether it increases, or diminishes, or leaves it where it was ; and (2) how it affects the welfare of those who provide the goods on which he spends it.

In regard to the first ; if once the consumer realises that, after all, wealth is limited, appetite unlimited, and hunger and want a great fact, he will not again think that it is a matter of no importance how he makes away with the portion of wealth that falls under his disposal. And if he become a moral consumer, the question he will ask as to the spending of a penny is : Does it cause some one else to do without a penny ? In regard to the second, if once he realises that it is he who dictates what wealth, in the limited economic sense, is ; that the producer cannot move hand or foot unless he takes this guidance from consumption, and, particularly—what I have tried to explain in Chapter II.—that the existing distribution of wealth does not come after, but in, and during, and consequent on production, it is

not too much to expect that the man who wishes to serve his fellows will see that responsibility in consumption is one of the duties that lie nearest him.

Thus far, mark, I am not suggesting how or what a man should consume. The idea of self-sacrifice as a worthy thing in itself ¹ has so much entered into the religious conceptions of many that, when I speak of consumption being regulated by responsibility, I am sure to be thought preaching some puritanical cutting down of wants, repression of, it may be, healthy instincts, "abstinence" from this or that. Now, as I, personally, am not willing to take any man's word for what my own consumption should be, I allow the same liberty of judgment to everybody—to his own Master he standeth or falleth. All I say, thus far,

¹ Of course, sacrifice has nothing admirable in itself any more than has toothache, and self-sacrifice must be judged by the size and importance of the "self" sacrificed. The only reasonable sacrifice is that which subserves and makes possible some gain which, on the whole, outweighs the privation. During the war, it is almost amusing—if anything was amusing in these sad days—to see how most people immediately felt that it was not decent to go on living luxuriously as before—that they must sacrifice part of their comfort—and how perplexed they were when it was told them, as confidently, that this sacrifice would do so much harm to the continuity of industry and employment that they must draw up a balance of good and evil in the matter.

is that we may reasonably ask of the man who realises the responsibility of the consumer, that his consumption should be weighed and planned—not casual or automatic—in short, that it should be ruled by conscience.

If this seems a very troublesome, perhaps worrying, thing to take into account, I cannot help it. Indeed, I am glad that it is so. The moral sense is only too ready to go to sleep, and it seems to me a good thing that it should be waked up, as it were, many times a day to determine action. The man who wants to “live in God’s presence” will not summon Him only “on great occasions.” But, seeing that the spending of half a crown means, perhaps, setting somebody to work and earn a living wage for a day, can anybody in his senses think it not worth worrying about?

But now I go on to put a question, the answer to which will dictate the direction of consumption; it is how this “reconstruction of demand” on a responsible basis will affect the wellbeing of the community. Here, however, I must go back to certain elementary truths which I dealt with pretty fully in a previous book¹—and, perhaps, I need not apologise for it, seeing that the book was so little read. When these have been stated, the

¹ *Studies in Economics*, p. 247, where I tried to analyse our ordinary personal consumption and reduce it to categories.

answer which I have thus far refused to give will give itself, and I shall not, I think, need to elaborate what lines the conscientious consumer must follow.

The word Consumption, as used both commonly and in economic science, covers two perfectly distinct things, the Expenditure of Money and the Use of Wealth.

Money, even in the form of precious metal (that is, a particular kind of wealth which might be used as a metal, but is mostly kept apart for its most valuable use) is only a claim to general wealth—the power over it, whether to use or otherwise to dispose. A man may spend his income in betting and gambling. Apart from the incidents of this, he merely transfers the power to other people. If he “lose his money,” it is like losing a golf ball—someone finds it, and the community, as a whole, is just as wealthy as before. It is the same when he gives it away.¹

But “Consumption,” in the stricter sense of the term, is Use of Wealth. It is what happens when

¹ It is not quite the same when he hoards it ; seeing that no one now keeps sovereigns in a safe, hoarding simply means that he does not spend. But, equally, this is no loss to the community : he invests it in some way or other ; that is to say, again, he hands over the ultimate disposal of it to other people, substituting negative for positive responsibility. It is shooting an arrow into the air ; or, rather, handing over the bow to others to shoot.

a man " spends his money " by exchanging it for wealth—concrete goods and services—and then uses them for the purposes for which such wealth was created. It is in this consumption that the most momentous differences emerge.

I. First of all, the consumption may be selfish or it may be social. Some consumption, indeed, must be selfish or, rather, personal, that of food and drink being types. A man cannot eat his cake and have it ; cannot drink and satisfy other people's thirst. Any one, however, analysing his own budget, will find that, happily, such forms of consumption are few, and might be much fewer. " It is not good for man to be alone "—even the thoughtful man who walks by himself must either have a well-stocked working mind or senses trained to enjoy what he sees. Generally, the blanket is big enough for two, although every one likes a separate bed. All the same, it is a commonplace that a single man may consume on himself what he might consume, perhaps more sensibly and with greater enjoyment, with other people, either by sharing the goods directly with them or paying them wages to keep him company.

But, even when the good-will is present, it generally—though not always—is the case that, in order that wealth may be consumed thus socially, it must be put into forms that *can* be

consumed with others. Here is where the power of money comes in. The millionaire, like the rest of us, has only one stomach, and can do no more than over-fill it to his hurt. But, if he likes to employ hundreds of men in erecting a bonfire, he exerts the terrific power of condensing labour and capital into an inflammable form. And once it takes that form there is nothing else to be done with it but apply a match. The illustration is a favourite one of mine, for it brings out the real difficulty of selfish consumption. No one would set off a bonfire in his own back garden to please himself. He puts it where it may be seen. So with many things—perhaps most—a man cannot get much pleasure out of their consumption, if he consumes them alone—any more than he can enjoy golf without a partner.¹ But there are more things than one could name which a man *may* consume without anybody but himself getting anything out of it. He tempts other people to make what he calls “wealth”—things that might be wealth to large circles—and the only thing he can do is to take that wealth clean out of the world, as it were, at a gulp; in Burke’s words, “an essence and rectified spirit of expense, where

¹ A man who accumulates books behind locked glass cases is not much better than the man who lets off fireworks in his own garden.

you have tuns of ancient pomp in a phial of modern luxury." To elaborate this would take me too far. But it suggests that any man, by taking thought, can add immensely to the wellbeing of the world by dictating the form which wealth is to take, following those tastes and encouraging those uses of wealth where a man cannot rejoice without calling in his neighbours to rejoice with him.

In view of this (that so much consumption calls in other people), it has always been somewhat of a puzzle to me that there is so much actual want—want not only of goods but of wellbeing. Taking Mr. Carnegie for type—I apologise to Mr. Carnegie for using his name again, but he stands out in the present day as the millionaire who has tried to spend his income, one might say, on anybody but himself—it is perfectly clear—particularly to the Scottish student—that no one is the poorer because Mr. Carnegie's income runs into millions. And yet that gentleman, I should judge, gets more out of his life than most rich people do.

Generalising from this, it is striking to realise that, if rich men spent *all* their money income in demanding only things which could not be used individually and selfishly ; if they were wise enough in their choice of those things ; and if they managed to get the " others " to consume in company, it would almost be the case that the

poorer classes got all that they could ever possibly get. We might even yet learn something from the old world in this regard. A wealthy noble—very much, I confess, owing to a poverty in things which he could consume selfishly—spent most of his rents in feeding, clothing, arming, housing, a great band of retainers. He lived differently from them, for the most part, in sitting at a higher table and ordering them about. Indeed, it is worth asking if the consumption of our best rich men does take anything from the living of their servants. The servants' hall, I am certain, differs very little in its meals from the dining-room, and I am not sure that the chauffeur has not a finer life than the man he drives, or the keeper than the game preserver.¹

II. Closely connected with this is the fact that, although the "use" of wealth involves some wear and tear,² and, in time means the "using-up," some forms of wealth are much more permanent than others. And, providentially, one might call

¹ "As long as our civilisation is one of property, of fences, of exclusiveness, it will be mocked by delusions. . . . Only that good profits which we can taste with all doors open, and which serves all men."—Emerson.

² Not always, for there are a few forms of wealth which, once in the world, remain in it for all time, such as diamonds, pyramids, marbles—we used to add pictures, till the suffragettes taught us better.

it, there are very close limits to quick consumption. Clothes are a type. Before a man can spend much in clothes, for instance, he must leave the decent garments of broadcloth and fine linen, take to fancy dress, and fill his wardrobe with stuff that can be taken out only "on occasions." Happily, all the interest of the tailor has never been able to revive the peacock in man—would that the same could be said about women! And, sooner or later, the clothes come out of his wardrobe, after they have "worn the new face off," pass on to poor relations or are made down, and, eventually, the cut of a Poole may emphasise the bent shoulders of the beggar.¹

Here, again, by taking thought, wealth may go ever so much further. It is very suggestive that, but for want of thought and social purpose—and, remember that, to make this waste possible, an enormous machinery is devoted and set aside from other purposes—millions of wealth created

¹ This came out very distinctly of late days. Whenever it was realised that every man's duty was to cut down all unnecessary expenditure, and spend his money in "Saving the Country," many found that they could go for a very long time without much sacrifice, simply by making the things in their possession "do" a little longer. They wore their clothes till they were shabby; abstained from "papering and painting" at the due season, and only lamented that boots would not keep water tight for as long as they were otherwise respectable.

annually might pass into the permanent endowment of man, just as if one could grow new fields, every generation falling heir to a new world of accumulated treasure. But, of the two milliards annually poured into this country, much goes out of it again without leaving any trace—if it be not an evil memory and a bad smell.

III. Again, a great deal of the “ use ” of wealth is re-creation of wealth. This is what early economists were aiming at when they invented the ambiguous expression “ productive labour,” without asking “ productive of what ? ” The food in the stomach, the clothes on the back, the roof overhead, may all be the means by which a man goes on doing his work and creating more wealth than he consumes, fulfilling his economic duty of supporting himself, and, besides, leaving the world richer than he found it. Just as seed sunk in the earth is consumed as seed, and passes, in the course of months, into grain, so exactly with the wealth that is used up in sustaining the life of the worker. The Necessaries of Efficiency, according to Professor Marshall, even for the unskilled town labourer and his family, include “ a well-drained dwelling with several rooms, warm clothing, with some changes of underclothing, pure water, a plentiful supply of cereal food, with a moderate allowance of meat and milk and a little

tea, etc., some education and some recreation, and, lastly, sufficient freedom for his wife from other work to enable her to perform properly her maternal and her household duties. Any stinting of this consumption is not economical but wasteful." This consumption, which may be put down roughly at 26/- a week, is "necessary," if the worker is to re-create the 26/- worth of wealth he takes out of existence. The working life, in fact, describes a circle—wealth continually passing out of one form into another.¹ Contrasted with this is the using up of wealth by the non-worker; like steam in a kettle, it blows away into the air, and there's an end on't.

I said a few pages back that I was arguing only for responsible consumption, not for the moment suggesting how a man should consume. I venture to think, however, that, from this brief analysis of the various forms of consumption, the direction which responsible consumption is bound to take suggests itself to any one who has a mind to let it weigh with him. If there is consumption which calls in circles to consume with the spender; if there is consumption which does not "wear out" but leaves a balance for others to wear; if there is

¹ I am vain enough to refer to the striking analogy of the trout lying with its head to the current in my *Distribution of Income*, p. 48.

consumption which re-creates as much wealth as it destroys, it is at once evident that, by deliberate choice, a man may, without any unreasonable sacrifice, add indefinitely to the wellbeing which is the ultimate object of wealth. And most men who once see this, will act upon it.

But if taking thought in any of these ways is considered to be out of court with the ordinary consumer, because it involves a certain amount of disturbance and sacrifice—even if it be no unreasonable sacrifice—I want to call attention to another economy suggested by conscience, and yet one that does not involve any sacrifice. If men became responsible in their use of wealth, the very fact of giving attention to the matter would, I think, instantly put a stop to Waste—and by Waste I mean destruction of wealth which does not benefit, or satisfy the wants of, anybody.¹

¹ I am not going to take up time with what is, of course, an interesting and suggestive subject, the consumption of wealth in forms of luxury, which give a doubtful or questionable return in benefit. Evidently there is a line where luxury is not only senseless but immoral ; but where that line should be drawn would need an elaborate discussion. Moreover, I grant that even the word Waste requires definition—what would be waste at one time and in one set of circumstances is not waste at another. But no one, I think, would quarrel with the proposition, which is enough for my argument, that

Once we get rid of the idea that the only moral duty incumbent on the possessor of wealth is to spend his surplus in "giving employment," we come in sight of the fact that, however difficult it might be to condemn waste in a world where all were well-off, there is no such difficulty where something like a third of the male adult wage-earners are getting less than 25/- a week. The mere statement surely carries conviction of my point and need not be argued. With all our milliards, we cannot afford waste. When others are in want of so many things, waste is—frankly—immoral.¹

Unfortunately, no one, it seems to me, appreciates how much wealth is poured "down the sink" by the richer classes, till, by a turn of fortune, perhaps, he requires to "economise." He discovers that the dishes for two are four times

there is such a thing as consumption which benefits nobody. That I call Waste. No luxury is culpable—objectively, though it may be subjectively—which passes into life—giving power of work. But if it is mere "indulgence" it is a total loss. "Perhaps," says Professor Marshall, "£100,000,000 annually are spent even by the working classes, and £400,000,000 by the rest of the population of England, in ways that do little or nothing towards making life nobler or truly happier."

¹ No one would question this in time of war when a banquet in the West End—unless to soldiers—might require police protection. What ground is there for thinking that waste is of no moral importance when the whole wealth of the nation, equally divided, would give but 17/1 per week in times of peace?

what they eat, and, although assured that it is all used up in the kitchen, has his doubts if the domestics eat cold fish, cold potatoes, cold pudding, and drink cold tea or Apollinaris with the cork out. It may even come to his attention that the coal he leaves burning in the grates heats empty rooms for half the night. Made inquisitive perhaps by these discoveries, he overhauls the house books, discovers that he could get as much out of life for half the money, and sends his wife distracted by suggesting that she should "really see to things." The patient woman suggests that these small economies will mean more sacrifice to her and to the children than to him, and hints that he might overhaul his own private expenses book. His club, for instance—when was he last within its doors? does he need to support three golf courses? was that *edition de luxe* of his favourite poet really necessary for his work?

But, before he has gone far, he discovers—of course—that the serious items of expenditure are precisely the ones that he cannot reduce—those due to a fetich he worships, the position he has "set up" in life. He becomes conscious, perhaps, that a large "establishment" is a heavy tax on his wife's health and happiness. But, even if he were willing to go back to a room and kitchen, he "cannot have people talking." The large sums

go in expenses which might be saved, if he would have the courage to say "I can't afford it." So, not having the courage, he ends by making himself and his family uncomfortable by small economies, and the waste goes on. But he at least has seen what waste is.

Now I venture to think that the same zeal for retrenchment—and the actual pleasure a Scotsman finds in it—might be roused if conscientious persons realised that the world is yet poor ; that what they thoughtlessly throw away might keep others alive ; that what they spend in meeting trifling wants might be spent in satisfying urgent ones. A moral man could scarcely sleep warm of nights if he knew that his son was shivering outside—could scarcely enjoy his dinner if hungry eyes were glaring through his windows. Cannot we exercise a little imagination and see that our brothers are shivering on the Embankment, and our sisters hungry on the old flags outside our windows ? Give a man a noble object in economising, and he will, quite likely, go further than he needs. "Luxury," said my old master, "can only be enjoyed by the ignorant ; the cruellest man could not sit at his feast unless he sat blindfold."

For the credit of humanity, however, I hasten to say that the carelessness about waste very

often arises from two quite distinct and reasonable doubts : (1) as to whether, and how, the wealth saved by giving thought to waste can get down to the people in whose interest thought is taken ; (2) as to the effect of cutting down expenditure on those who now earn wages by making the goods wasted.

As to the first : It may be granted at once that, when wealth has got to the " cold-potato stage "—that is, when income is turned into concrete goods ready to be wasted—it may be difficult to get these goods into the hands of those who could use them,¹ and they may be quite unsuitable for the possible recipients. A ball dress that has served its brief evening is not of much good to a poor woman suffering from rheumatism, and the service of a superfluous footman is not the kind of wealth that can be " served " for any better purpose. The proper stage at which to check waste is *before* spending, when income remains a power in the pocket and can take any concrete form.

¹ Although even here a great deal might be done by taking thought. It grieves my economic mind to see perfectly good human food poured into the pigs' dish when it might form a very decent breakfast to a tramp. In my native city one of the most beautiful forms of religious devotion is that shown by the Little Sisters of the Poor, who give themselves to the service.

The question is sophisticated by the common experience of charity, that unregulated "giving" generally pauperises the recipient. And I grant freely that, if the result of limiting his expenditure to the things that really matter, is to send our rich friend into the slums with pocketfuls of coppers to be scrambled for, we had better have left things alone. If they stopped extravagance, for the moment, I daresay many super-tax people would "not know what to do with their money." But will any man write himself down so destitute of ideas as to say that, having made up his mind to spend £1000 less on himself, he cannot dispose of the £1000 except by pauperising others? The vice of unregulated charity is the giving without knowledge. But has not every man a circle of his own within which he could indulge in the luxury of giving without danger—people he could help in countless ways just because he *knows* them, and their circumstances, and, it may be, their weaknesses? Has not every one felt now and then, "I could give tips to Mr. Carnegie in getting rid of his money," meaning that, among the people he knows, he could give without harm?

But take the worst case. Suppose that our rich man so much mistrusts, not only himself but other people, as to confine his conscientiousness to not spending, what happens? He leaves

money on deposit at some bank, and, as the bank at least will not leave it idle, this means calling in the whole world of industry to aid him in employing it. In other words, the surplus then goes to swell the great fund of capital seeking employment. This means "cheap capital." And is capital not wanted for all manner of things? If capital, as I said, has its chief form in the "iron slave," can there be too great multiplication of this slave? Was not the rise in the rate of interest before the war, which was such a remarkable phenomenon to anyone acquainted with the confident anticipation that the rate would fall with time to 3 per cent. or lower, due greatly to the fact that new countries, and old ones devastated by war, were making greater demands on capital, and limiting its supply here for purposes of unquestionable utility to the community? And now that the war has swept away so many millions of capital and raised the rate of interest for so many years, is not the man who saves again—as in the old conception—a public benefactor?

As to the second: I have no mind to minimise its seriousness. To stop buying particular goods and services is to strike home at those who provide them, and, if the occupation is a specialised one, as so many trades which cater for the rich are, it

comes very hard on the worker.¹ And, if a man has embraced the paralysing idea that, far from benefiting humanity, he is actually taking the bread out of the mouths of the workers, he will never save. It may be suspected, however, that there is something wrong in the argument when one notices that it would stop any and every change of demand. It is the argument of the Vested Interest which has stood in the way of all reform from the Corn Laws downwards. On a great scale we see it at the end of every war, when entire industries, which have been set going and working double tides to turn out the means of destroying life and property, suddenly find their occupation gone. If any large body of persons gave up the use of liquors, it would spell immediate loss to the barley growers of Scotland and the thrifty vigneron of the Loire, to wine merchants and public houses, to distillers and brewers, and to those who put up the buildings and supply the machinery for such industries. But no one has seriously proposed that war should continue in

¹ That morning (5th August, 1914) when the war of the nations was declared, and I told my caddie that I was going to carry my own clubs, and the little chap turned away without a word as if I had struck him, it gave me a grim insight into what "economising" was going to mean—and a strong desire to call down fire from heaven on those who—as a matter of conscience, no doubt—thought they had a right to stop God's own working world.

order to "give employment" to soldiers, or drunkenness be encouraged because it is "good for the trade"; or the wells be poisoned to provide occupation for nurses and doctors.¹

Can anything be more paradoxical than to say that wealth should be *wasted* in order that people should live?

But two things at least may be remembered. The first is that the disturbance to trade caused by "economising for conscience sake" is likely, for a long time at least, to be a very small one. An economist who argues for the conscientious direction of spending and consuming has to count on too much inertia and selfishness to have any fear as to its effects in throwing people out of work.²

¹ "This will never do, Hajji. The smallpox has always been a comfortable source of revenue to me: I cannot afford to lose it because an infidel chooses to come here and treat us like cattle. We cannot allow him to take the bread out of our mouths, Hajji Baba of Ispahan."

² "The notion," says Mr. Hartley Withers, bitterly and truly, "is so much engrained in the minds of the rich that it is their duty to spend their money freely and the middle class is so sturdily convinced that an extravagant scale of living is a sign of prosperity and respectability and distinction, that we need cherish no such apprehension." In this connection, see his *Poverty and Waste*, where he argues, in a refreshingly untechnical way, that, as the output of goods and services at any moment is limited by the amount of labour, capital, and raw material that is to be had, all expenditure on luxury stiffens the price of articles of necessity and makes the struggle of the poor still harder.

The second is that the money—and the wealth at the back of it—which may thus be economised, is still there. A man who refrains from wasteful expenditure is likely to spend the same sum in ways that are not wasteful ; and, at the worst, as I say, it will go into the hands of those whose interest it is to find it employment.

Thus far of responsibility in the field of Consumption. It seems to me no great thing to ask. It suggests no overturn of our economic system—no interference with economic laws—no need for rewriting text-books, except to put more emphasis on the side of Demand, and give a more adequate analysis of Consumption and its effects than English economists have generally done. The whole world of supply has always been aware that changes in demand were to be expected. They form one of the ordinary risks of business. Every warehouseman who stocks goods for the London season knows that a death in the royal family will make half the goods in Regent Street unsaleable. Every purveyor of exciseable goods knows that he is in the hands of the Chancellor of the Exchequer at every Budget. Every temperance crusade strikes a chill to the heart of “the trade.” And all that this particular reconstruction comes to is the substitution of a

reasoned and conscientious demand for a thoughtless and irresponsible one. Some goods would be less in demand, others more ; the great mass—those which feed, clothe, and house the nation—would remain very much unchanged. Anyone may estimate for himself what would be the effect of rationalising his own consumption—or might, perhaps, arrive at a more impartial conclusion by suggesting how he would rationalise the consumption of his friends. Anyhow, it would be nothing like the revolution of demand which began with the war, when the rapid accommodation of supply to the new needs confirmed me in the practicability of my proposals. Some vested interests would suffer, others would gain ; that is all. And we may remember that, on every reform, some interests have suffered ; but so long as the cry of those who were hurt was not politically powerful nobody paid any attention.

I suggest no departure from “ economic conduct ” unless the “ economic ” is conceived as the “ automatic.” It is true that Demand, as we generally know it, is almost automatic—men and, particularly, women demand what they think cheap. That this motive is very general, I should be the last to deny—an economist takes human nature as it is. But the general sympathy shown with Sweating Exhibitions shows that great multi-

tudes at least would not buy goods if they knew that such goods were made by sweated labour.

It appeals to me because here is a sphere where every man who has more than what he considers a "living wage" may find a field for the moral life. Realising, I hope, with me, that the prerequisite of better distribution is more production, and that the common-sense cure of poverty is more wealth or making wealth go further, he need not leave reform to those who are paid to be reformers, or to "capitalists" who are supposed to have money in their pockets sufficient to raise wages, or to the State, that impersonation of ourselves, which is fair game for robbery, and yet is considered to be the great source of healing, but may give an earnest of his zeal by setting his own house in order.

CHAPTER VI

THE RESPONSIBILITY OF THE EMPLOYER

IF, however, we ask ourselves how far the Reconstruction of Demand, which would come by introducing the elements of conscience into consumption, would go to meet the evils which presented themselves in early chapters, we should have to confess to disappointment.

What it would do is to increase wealth and make it go further. By checking waste, it would vastly increase the amount available for human consumption, and, by demanding the right sort of wealth, much that is now consumed immediately and passes out of existence in the mere selfish satisfaction of the individual would be "socialised," either in the way of spreading the use of it over circles and successors, or in the way of putting it back into the national capital, yielding no money income, but giving a real "income of benefit" to the community—such as is done when a private estate is left at death for a public park.

And the reflex influence on the consumers of carrying out a moral purpose in the common day-to-day life of spending their income, would, of course, be very great.

But, as regards the other part of every-day life, the making of that income, it would not make the occupations of men generally better worthy the energies of men—except, indeed, in so far as it prevented the discouragement and depression of feeling that they were spending their lives in making things that would better be left unmade.¹

In short, the reconstruction of Demand is not enough. To complement it, and to meet the evils emphasised in my third chapter, there must be some reconstruction in the other “pillar in the arch of value,” namely, Supply.

But here we cannot appeal to the whole body of producers as we did to the whole body of consumers, for the great majority only obey, and must obey orders, and have no voice in the matter. We can only appeal to their leaders, those who take up the challenge of Demand and organise labour and capital to meet it in larger or smaller units, the Employing Class. And here,

¹ It was found in the old poor-law days that, when paupers were sent errands to deliver parcels, and found that they were being “employed” in carrying stones, they bitterly resented it as an insult to their humanity.

I am afraid, I have to ask more of those who control production than I did of those who guide consumption.

In all ages, educated persons have regarded their private wealth as a "trust." However much birth, and its prejudices, and peculiar ideas about Providence have blinded them, they have not been conceited enough to suppose that the whole evolution of history took place for their peculiar benefit. If they held land, and particularly if they were honest enough to enquire into their title deeds and ask how the necessary source of all living came to pass into their exclusive "holding," they recognised that they had not "made" the land; that they were not absolute owners, but tenants at will, holding a lease for life from Almighty God, responsible, like their own farmers, for handing over their lands to the next life-tenant in as good a condition as they got them. If they had wealth generally, they recognised, it is to be hoped as clearly, that they had not "made" it, but acquired it, at least by the co-operation of others, and, as the very continuance in existence of that wealth depended on other men taking it over from them, and reproducing it by using it productively, they could not regard themselves as absolute owners, but, equally, tenants for life.

This, indeed, was never a creed, nor even a conscious belief, although some one now and then would remind them that their tenure was precarious—as when Slaney said: “The main title by which the few who are rich hold possession is that the many who are not be contented and amused.”

But till Political Economy, theoretical and historical, appeared, and was written out for all men to understand, people did not bother very much about the duties of wealth. Landowners accepted their position as heirs of landowners, and rich men as heirs of rich men, with even less recognition of what the position involved than kings accepted divine right. The best of them have always, indeed, been very vague as to how far the “trust” extended, and very much in the dark how to honour it. But, whether it was that religion dictated, or whether it was mere human kindness and sympathy with the abounding misery around them, or fear of those who worked for them, if they gave little thought to the “trust” involved in the consumption of wealth, they have always recognised some sort of moral obligation towards the persons they directly employed.

The landowner, in old times—unless he became an absentee, and absenteeism was instinctively and universally condemned¹—could not be happy

¹ See my *Economic Annals*, 1821-1830, *passim*.

within a miserable ring of dependents whose rags reproached him. The employer of last century knew his men, not only by head-mark and name in the mill, but often in their homes : it was a personal grief to him when he had to go on short time : he generally worked for stock or at a loss rather than dismiss workers.

But nowadays the personal tie is broken, in direct employment almost as much as it is in the indirect employment of buying goods, except to some extent, one is glad to know, in landowning—even there, indeed, so far as the owner is subject to the new laws which make him merely a rent-charger. This has become almost inevitable with the spread of large-scale industry. A teacher like myself could have no joy in his daily task if he saw only unwilling, uninterested students in front of him. But the person who employs thousands finds no such class to reproach him. Necessarily, he delegates the “superintendence” to managers and foremen, and devotes himself to superintending them. If the only relation between employer and employed is what Carlyle aptly called the “cash nexus,” there is no more responsibility in the “buying of labour”—an expression which would have sounded strange to our ancestors—than in the buying of any other machinery. And, again, where the employer is not a person, but a

public body or a company—"without a body to kick or a soul to save"—no personal relation is possible.

Out of this has come another development. In such circumstances, it was almost inevitable that the workers should embrace the idea that their interests were bound up far more with their fellows than with the "firm"¹—and, indeed, they are right so far, that the interest of continuity of employment and good wages is common to all workers, while the interest of the employer may often suggest short time or dismissal and reduction of wages. Accepting the new relationship, their attitude has been "pay me what I am worth"—the private feeling being that they were always worth a good deal more than they got, and that, by union among themselves, they could divert this "more" into their own pockets.

Hence the atmosphere of suspicion and hostility which cramps and discourages the employer who is actuated by duty as well as by profit. If the good employer is treated with no more consideration than the bad employer—if an attack on the bad employer involves the equal and simultaneous

¹ How far the idea of anything desirable in the old personal relation has died from the working man's mind is evident enough from his wide acceptance of what he calls "Socialism," that is, employment by a bureau.

attack on the good, as a matter of honour among the men, what is the use of being considerate to them? Nay, is it not also a matter of honour to the employer to associate himself with *his* fellows and accept the position of the armed camp?

Such being the accepted state of things between what is most misleadingly called Labour and Capital, it may seem not a little old-fashioned to plead for any reconsideration of the relationship. As the workers themselves, the persons chiefly concerned, in the long struggle of Trade Unionism since 1824, have adopted the impersonal attitude—as they propose that their service should be bought and sold and treated generally as any other commodity is, purely by bargain—why ask employers to adopt moral responsibility? Nay, would it not be impertinence on their part—to be resented as paternalism or patronage? It is at all times difficult to regard a man as a brother if he disowns the relationship.

I grant all this. All the same, I am afraid to look forward to a future of this mechanical connection. There is an old saying that a partnership is as intimate a relation as a marriage, and, in the inevitable partnership of labour and capital, it seems to me that the impersonal relation is most dangerous.

For, first, Capital needs Labour. The hapless

position of a boycotted landlord suggests all I want to emphasise. Those who are so short-sighted as to think that the virtue of their fathers in saving wealth instead of spending it absolves them from care about a living, should remember that the power of these savings to yield an income depends on the co-operation, compulsory or voluntary, of the working man. Once a day the richer classes could compel labour by enslaving it. Later, they could tempt it. What is to happen if they cannot even bribe it? The smallest trade dispute has within it a menace to society. The present war has shown in countless ways that every industry depends on dozens of others, and every one knows that the smooth running which allowed so many of us to have unimpaired incomes was greatly owing to the fact that the "claims of labour," for the moment, gave way to the higher need of saving the country. But was it not the boast of the new triple alliance of Transport Workers, Miners and Railwaymen, just before the war, that they could "hold up" all the industries of the country? Those who denounce the wickedness of a "general strike" would do well to anticipate its lesson without waiting on the carrying out of the threat. For, if labour could remain on strike long enough, capital would turn to withered leaves.

And, second, Labour needs Capital. Capital is the accumulated wealth of the past, taking the shape, for the most part, of Power. Just as Crusoe by accident fell into possession and disposal of a fruitful island which his labour was to turn into an abundant source of wealth, so does every generation of men in Great Britain fall heir to an island—not “as God made it,” but reconstructed and crowded with all the new resources which we call Capital. No one has ever tried to imagine what it would mean if man was now to refuse to work on these and with these resources. For labour, then, to think that it does not need capital is to try to think out of existence that great heritage of the past which gives labour its opportunity—the chance but for which the working man would be as poor as the savage.

These two, then, being helpless without each other, the future of the community depends on them working with and into each other,¹ and the issues are too tremendous to be left to trials of strength. If they are not to be regulated by a kind of martial law from above, they must be regulated

¹ “A question of relations between Labour and Capital is like a quarrel between two halves of a pair of scissors. If they hitch themselves apart and hack notches out of one another, every hack that they make lessens the cutting power of the pair when it is finally joined together again, as it must be some day.”—Withers, *Poverty and Waste*, p. 11.

by conscience. In these circumstances, whether it be recognised or not, a special responsibility to the nation rests on those who take on themselves to bring the two together. Personally, I count it the noblest profession of all, though, as a rule, it is taken up from anything but the noblest motives ; and what I ask is—just this and no more—that the tradition of the professions be transferred to it—the *noblesse oblige* of living for their work and, if necessary, dying for it. If an employer have any faith in the well-worn analogy of an “ army of industry,” he must believe in the necessity of Captains of Industry, who think first of their country and of their men, and only second, of their pay.

But the Employer, as I conceive of him, must recognise three things which I confess employers are a little slow to recognise : (1) that the “ good employer ” is not altogether common ; (2) that even the good employer is not always the enlightened good employer ; (3) that, in any case, the good employer has to meet the competition of the bad.

He must take the sins of his order upon himself and win back the confidence that meanwhile has disappeared. His task to-day, in fact, is very much that of a philosopher-king who comes to his throne after many days of misrule by his

predecessors. He has no divine right to his honourable position but that he govern divinely. And, if I am not mistaken, the first thing that will test his worthiness for the high office is the attitude he takes to Trade Unionism.¹

I am not sure that it is always recognised that Trade Unionism has a history. My researches seem to confirm the statement that, for several generations after the start of the Factory System, it was the accepted view that wages could not rise above the level of subsistence, although I think it was as much recognised that "subsistence" was not a level of bare living but a gradually rising one. In other words, the amount of wealth which "naturally" fell to labour was to rise, for the most part, with improved environment and conditions, including, perhaps shorter hours, and also with the greater power of money over the quantity and quality of necessities and comforts. Even if it were true that money wages did not rise, it was pointed out that the working man, at

¹ I am afraid Trade Unionism is a thing which the unregenerate employer cannot understand, and I should earnestly recommend him to a preliminary course of reading in labour and socialistic journals. There he will, of course, find only one side, but it will be a side which he has never realised, and, by his difficulty in understanding it, he may suspect that the worker has as much difficulty in understanding him.

the worst, was getting his share in an improved living—life was becoming easier for him.

Now, suppose all this were true, and that, somehow or other, labour could not increase its proportion in the division of product at the expense of the other factors, and that this was all that labour, *qua* labour, could expect of economic progress, the working man felt that such a wage did not give him a secure basis for taking on himself the ordinary responsibilities of independent married life. For, first and most important, no continuity of this subsistence wage was assured him. He got it only when "in work," and the having or losing of his job did not depend wholly on his hard work, or conscientiousness, or this or that on his part, but on fluctuations of trade which seemed to him, in his ignorance, no doubt, very much in the hands of the employing classes, just as, in the misery of a European conflagration, it seems to the people as a whole that the issues of peace and war are in the hands of kings and emperors and unnecessary people of that sort. And, second, were this subsistence wage all that could be expected, it was not secure against the actions of employers whose one thought was—cheap cost of production. The working man in the past was driven wild by the action of those employers—mostly, I think, "small men" who

had risen from the ranks and had no tradition of their order—who, at any moment of difficulty, or when pressed on by competition, took the easiest way of reducing costs—reducing wages.

For the former, Trade Unionism had no remedy (although it had the alleviative of the out-of-work fund), and probably it is this that has inclined the worker so strongly towards the specious idea of employment by the State. For the latter, it put forward the Standard Wage—the principle that, come what might, the weakness of the human factor (his chief weakness being the noble one of the claims of wife and children) would not be allowed to make a reduction of wages the “easiest way.” So the working man adopted the policy, and carried it into effect by combination and collective bargaining, that, at some point or other, there should be an irreducible minimum of this particular cost, the Standard Wage, based, more or less consciously, on the conviction that the public had it in its hand to pay such a price for goods as allowed this minimum—or else had better do without them.

The Standard Rate, then, which the Trade Unionists put forward, was not a minimum wage determined by the necessities of mere subsistence ; there was no occasion, *in the circumstances of the nation*, that it should be so ; and, besides,

they well knew that, if it were, employers would adopt the fixed idea that it was all that labour aspired after or was entitled to. Nor was it the wage which the best workers were entitled to. It was only, as I say, an irreducible minimum, based on what the workers conceived to be an entirely justifiable position ; namely, that the public should not get, or expect to get, goods at a price which would not pay a decent living to the great average of the people employed.

And it was claimed by the educated exponents of Trade Unionism that the Standard Wage, so far as it carried out this theory, was a protection of the good employer against the bad, inasmuch as it prevented him being undersold by a reduction of cost which he was not willing to follow. The weight of this consideration will, I should think, be fully admitted by all enlightened employers, unless where their view is prejudiced by conduct on the part of Trade Unions which forms no part of the above theory.

What I am trying to suggest by this disquisition on Trade Unionism is that the function of the Employer has become ever so much more complex and responsible than it was, and really requires for its conduct very special qualities, including, I may say, an extraordinary amount of patience with, and understanding of, those " employed."

The times have changed. As late as the 'forties, life for most men in an old country was a struggle for mere subsistence, consequent on an increasing population and a slow-growing national income. The general view then held was probably that which I find in a speech delivered in Parliament in 1840 by H. J. Baillie, the Member for Inverness-shire. He was arguing that the abolition of the Corn Laws would produce no great or permanent relief to the working classes ; " cheap food was not the greatest blessing that could be conferred upon a people unless it was accompanied by high wages—which was impossible." " It was a melancholy fact," he continued, " that, in all highly populous countries, the great body of the people would only be able to obtain wages barely to procure themselves the necessaries of life, and that no laws that could be devised, and no alterations or changes in our fiscal regulations would permanently alter that condition. It was one of the greatest defects of modern civilisation—of the boasted civilisation of the present day, that it had no tendency to increase the happiness or to lighten the toils of the great body of the people ; on the contrary, as yet, it had increased them."

In such circumstances, economists and statesmen who were convinced of the hopelessness of the case felt that the paramount necessity was to

remove and prevent every hindrance to enterprise and industry, and encourage, almost at all costs, the production and accumulation of wealth, trusting that, as the stream of wealth grew, it would broaden, and finally flood the whole population with comfort and ease. The Employer—that is, the man who was willing to risk his money in organising labour and capital to make goods to sell—was a public benefactor, superseding the traditional landowner in the popular admiration.

But now the community is rich enough to have got rid of that old Giant Despair, that poverty is a “natural state” which only some few escaped by birth, or privilege, or some other happy chance. The national evolution has a close parallel in the individual case. It is the commonest of experiences that, when a man has a small income depending for its continuance on his life and health, and has a wife and children depending upon this precarious income, he can think of nothing else but of making his income and, if possible, increasing it. Press him a little further, and he will stoop to any meanness—perhaps even to crime—to preserve them; they are his heaven and his hell. It is only when their living is assured that he can afford to think of his larger family, the community. So is it now with the nation. It has time and opportunity to think and ask questions,

and make experiments with a view to the higher aims of humanity. What was good enough for the nineteenth century is not good enough for the twentieth.

And the new—and wholly natural—demand of the masses in these new circumstances is that the Employing of the People should be divorced from selfish, perhaps antagonistic, interests. Where a man enters the “services,” he is secure of his pay so long as he behaves and is fit for his work, and he gets a pension. When a man enters my profession, it is *ad vitam aut culpam*. Why should it be otherwise, is the cry, with the working man?—particularly since all are bound up in the one bundle of the economic life, and the rich would not be rich unless the poor fetched and carried. The life of the commonest is too sacred to be left to the chance of his getting the ear of some employer who has an “interest” in finding him a place, and may, subsequently, have an interest in taking it from him.

The demand, to my mind, is so reasonable that I would rather help its expression than suggest doubt. But, as an honest man, I must point out that the favourite analogy of an “army of labour” is misleading. The position of an army and the position of the working classes is very

different. How very different may be seen at once by supposing that the whole male population at the age of twenty-one was drafted into the army for the rest of their working life. Where would the pay come from ?

The differential fact is that the great working army of the community *makes its own pay*. They are not paid, as soldiers are, from a national chest which the community contributes to fill by paying their taxes. Our army is a first charge on the resources of the community ; it is a national police whose object is to ensure that the *rest* of the community get undisturbed to the work which I call "making their own pay." Being so, it is a limited body, to the ranks of which only a certain number can obtain admission. When the ranks are full, recruiting stops.

And so the demand that the State should "employ the people" can only mean that it organises them to earn their own wages by themselves creating the things which are given to them as "pay."

This, indeed, as we know, is quite possible. The State already controls large industries, and pays the workers of the produce of these industries. Look at the last Budget. On the one side, are Post Office Receipts, £30,800,000. On the other, are Post Office Services, £24,607,000. What does

this mean but that the £24,607,000 of wages, salaries, etc., are paid out of the £30,000,000 of stamps paid by the public for the service rendered by postmen, etc. ?

It may be that, in time, the State—its hands forced by the democracy, the majority of the electors, who, as I suggest, have one common interest, and are apt to think it the only one—will take over one after another of the great industries, till only the most hazardous are left for private employers. Meanwhile, this is far enough off, and, in any case, the sphere of the private employer will always be a large one, employing millions.

I come, then, to the point to which I have been leading up. It is that, in the reconstruction of the producing side of life which I desiderate, where an employer is minded to take himself seriously as a public servant and regard his business as a moral duty, of the many motives which play upon him, the Employing Motive must be given more prominence than it has.

I emphasise “of the many motives.” I have said that the Employer’s economic function is a very complex one. Regarding him as a person in command of capital, who takes the risks and the management of a business, and supplies the organisation in which labour and capital are

brought together and made effective for production, there are at least four constituencies which have a claim on him : (1) himself ; (2) his rivals ; (3) the public ; (4) his workers.

To any one of these, prominence may be given. But all four have to be considered to some extent, and an employer who gives the prominence to one is not necessarily disloyal to the others.

For instance, a good case might be made out for the old contention that, in serving himself, he is doing the best for everybody. Refusal to take a mean advantage of a competitor, loyalty to agreements and understandings, are a condition of success in the long run. Again, he cannot make a profit at all except by making something which meets the public want both as to quality and price. Lastly, in shaping his organisation towards this end, he follows the well-worn path of substitution of the most economic factors, and, as I have shown, this, logically carried out, forces up the human factor into the place that can be filled only by a factor which is human.

Thus all four interests probably converge in the long run. It will generally be found that the employer who survives in this keenest of all competitions—for no other class knows the strain of competition as the employing class does—makes his own fortune ; is respected and trusted by his

rivals ; makes good stuff and sells it cheap ; and appears on the " white list " of employers—if there is one.

But, occasionally—perhaps inevitably—there is a conflict where the employer must decide to which constituency he will give the most consideration. A struggling employer will think of his family first ; there is generally a question how far chivalrous consideration of opponents should be carried—the same emerges in every game : the public is a many-headed beast with many throats, and its claims are not always harmonious ; his workers—well, are they to be treated as his own children or according as they treat him ?

Now I do not see how it is possible, under any conceivable system, wholly to get rid of this division and possible conflict of interests, and employ the people with sole regard to the interests of the people employed. Suppose we take the example which commends itself, I think, in many respects, where an industry, introduced and established under private employers, is taken over by a Municipality, and a salaried official is appointed to " manage " the business ; let us see what are the motives which play upon him. If I am not mistaken, we shall find that he has added one or two other constituencies whose interests must be consulted.

(1) The workers certainly get rid of the Employer whose self-interest is a speculative one. But they cannot get the services of another such for nothing. The manager will take the office only if the salary is as good as the speculative income which he could command by private employing, and, in all probability, he will leave them for a better one—if he gets a “call,” as the clergy put it.

(2) This official will be, it is to be hoped, a gentleman. He will not—even if he were allowed—use the giant strength of a public body to crush those who compete with it in very much the same service—if there are any left. If he makes an agreement with them, he will keep to it, although it costs money—if there is no loyalty in high places, how can the lesser man be expected to be loyal to his word?

(3) As there can be no “employing of the people” without employing them to make something or do something and paying them wages bearing some reference to what they produce or how they serve—and I hope this does not require proof—he must justify the quality and price of the article or service provided. Only if an entire monopoly has been created, and, even then, only if the service is a necessary one for which no substitute is possible, can he force the public to

take what he sells at the price he puts upon it, and, with the best intentions, he will not escape criticism if the new municipal service compares badly with the past private one. If the public has to pay more for the very same thing than it used to pay in the old days, the extra is an indirect tax levied upon them, and, however much "taxation for social purposes" may be in fashion, no taxation can escape the question of incidence—does the tax fall upon those who should pay it and in the proportions in which they should pay it? In other words, the public has now to be considered in two aspects, as consumers of the goods and as bearing the risk of making up any loss or sacrifice there may be. That great taskmaster, the public, will not pay more than it needs.

(4) How far, and in what respects, is the interest of the worker to be considered compared with the other interests involved? Is continuity of work to be guaranteed whatever be the conduct and the product of the person employed? Is it to over-ride the old economic principle of substituting the more efficient factor for the less, wherever the more economic factor chanced to be a form of capital that dispensed with labour or took the job from the less skilled? What is to regulate the wages paid? Is it the ordinary relation of supply and demand for labour, or is it some

arbitrary standard of a wage sufficient to keep the worker and his family as they "should be kept"?

It is when this wage matter comes up that questions press upon one. It will generally be accepted that a public body should be a "model employer." But does, or should, a model employer pay wages above what can be got out of the product of the industry when other necessary charges, such as interest of money, upkeep of capital, insurance and other fixed charges are provided for? in other words, should wages be the whole of value of the product except private profit—this last being commuted by the salary of the manager, or should they be a little more? I am afraid the ordinary conception of a "municipal wage" is that it should, at least, be higher than the ordinary wage for the same kind of labour outside—which, of course, makes municipal employment a reflection upon every private employer who has a seat on the municipal body.¹ I mean to say that if, as member of a municipality, he votes 26/- a week, and, as a private employer, pays 24/-, either the municipality is paying too much or he himself is paying too little. If, for some inscrutable reason, he justifies the

¹ I wonder if this never occurs to such a member when he votes a bigger wage to a park employee, say, than he pays to his own gardener.

26/-, who is it, then, that *pays* the extra 2/- which he votes ? Is it the people who buy the service and get it charged in the cost ? If so, why should they alone be penalised for the employment of a privileged ring of work people ? Or is it the rate-payers ? If so, is this a sufficient reason for keeping up the rates ?—and, if it is, this again brings us up against the sorely vexed question of the incidence of rates.

The above is very far from exhausting the questions which inevitably arise here, but I need not, I think, go further. All I want to bring out is that, by eliminating the private employer and giving over “the employing of the people” to a disinterested paymaster, we do not in the least get rid of the other interests involved in this employing. Indeed, as I say, we add other constituencies which must be consulted. No municipal manager is absolute and has a free hand. He must obey orders from the body which employs him, the Municipal Council, and their decision is torn between the conflicting demands of (1) the particular local division which elects them ; (2) the whole body of the municipal electors ; (3) the whole body whose interests the Council looks after, whether electors or not.¹

¹ Perhaps it may be noted in passing that I have not mentioned that the privileged position of municipal employees

If, then, in the most disinterested form of employment which we have yet been able to attain to, we do not escape the conflict of interests which prevents the municipal employer giving exclusive attention to "the employment of the people," and if, as a fact, there is marvellously little difference between employment under such a system and employment by an ordinary good employer, it gives me some confidence in putting forward my thesis. It is that in our moral reconstruction the Employer should be expected to lay the emphasis on the employing part of his function.

And he may do so, I think, if he embraces the idea which economists have for some time been pressing on him, that to him, in the division of labour, has fallen the high duty of organising labour to earn its own wages.

I do not know if the words carry their meaning. I have been teaching economics so long that the crude idea that wages come out of employers' pockets sounds like an echo of the dark ages. In economic theory, a worker is worth the market price of his product. His service is one of the costs necessary to the existence of goods. When the employer sells the goods which he and all his

raises the question of how far admission can be refused to any who claim admission to their ranks.

factors together have "cost," he gets, returned to him, all this cost—selling the produce, as it were, on commission for all those factors. This suggests the "economy of high wages." A high wage is surely justly earned by one who does that service which the world thinks worth a high price when embodied—enwholed—in a commodity, and it is at once the employer's self-interest and his social duty to find for his workers the place and the conditions where their labour *tells* most.

The name for the Employer which conveys this idea is "organiser." The work which the employer gets to do from the community, in the division of labour, is to "organise" its resources, both mechanical and human, so as to serve the community with good things.¹

It is in this organising of the working world that we find the motive which must ultimately weigh most with the true employer; that is, the one who regards what he does for the community as of infinitely more importance than the reward

¹ Even in these words comes out the inevitable conflict of interests. He has to make goods for the living of the public. He has to organise the country's resources to make them. And it is left to him to fill both of these responsible tasks as suits him, with a view to his own profit! The employers are self-elected leaders in an army. The nation demands that the army defend the country. The soldiers demand that they be fed. The officers demand their pay. The objects are not incompatible, but they are not the same.

he gets for it. I am asking that the leaders of industry regard the feeding of the soldiers as of equal importance with the defence of the country, and that they admit at least that their own pay is due only as they fill this double position. I am asking that the wellbeing of the workers be considered at least as important as the wellbeing of the public—if the employer supplies the latter with goods “that are good,” he must supply the worker with a life that is worthy.

But this, it will be noticed, I hope, is asking the Employer to take himself seriously as a servant of the community—as a professional man.

Precisely, and why not? Is not a squad of a few hundreds of men or women workers a far bigger clientèle than any doctor, or teacher, or clergyman ever ministers to? If the nation can get the best brains of the country for a professional salary, why, in heaven’s name, may we not expect the same of an Employer? If, when the country called, we could get soldiers and sailors from any and every class, and from every colony, dependency, or protectorate of the Crown, why think that the Employer alone must be tempted to the greatest service of all, the Employing of the People?

But here again I must not ask too much and defeat my own end. In last chapter, I did not,

I think, ask any unreasonable or unbearable sacrifice from responsible consumption. In the present case, I must not ask a sacrifice on the part of production which production will not bear.

Although I am laying an emphasis on one part of the Employer's function and giving it the predominant claim of conscience over the others, I have no thought of putting the others out of sight, and, indeed, they will not be put out of sight. Just as the model employer would soon lose his place if he sacrificed the service to the workers, and tried to make good wages an excuse for bad work, so, equally, would he soon disappear if he sacrificed himself to the workers and found paying the cost incompatible with earning any profit.

In case, then, I should be suspected of dreaming impracticable dreams, let me point out two examples of employers—one taken from the early days of the Factory System, the other from the present—who put this employing motive first, and yet without coming into hopeless collision with self-interest.

In the twenties of last century, Robert Owen conducted his great mills at New Lanark—which all the world came to see—on the principle of making the wellbeing of his workers his first consideration. It was in the days when responsibility to labour—especially to child labour—was

scarcely thought of as a duty, when, indeed, factory legislation was bitterly opposed by good conscientious men on the ground that parents might be trusted to look after the interests of their children, and when everything was sacrificed to cheap production. No charge was ever made against Owen's truthfulness and single-hearted purpose. And yet Robert Owen's mills paid.

In the present day, we have the example of a remarkable group of very various industries who have introduced what they are not afraid to call "Welfare Work."

From information willingly supplied me by a long list of such firms, I find that there are employers who do such "quixotic" things as :

Taking all applicants from the local Labour Exchange, and insisting on an educational qualification of young persons as an entrance to employment ;

Giving workers every facility—sometimes indeed, compelling them—to take continuation and technical classes, both during the working day and after hours, and working in collaboration with the educational authorities ;

Engaging workers only after personal examination by partners, or—more strange—by outside persons ;

- Assuring them, practically, continuity of employment so long as they do their work, suspending rather than dismissing, and dismissing only after the most serious consideration ;
- Arranging wages and piece-work rates on principles made public to the workers and revised by their own representatives ;
- Giving pensions at a comparatively early age after so many years' service ;
- Introducing a short-hours' week and a longer night's rest, arranging for holidays, almost eliminating short-time and over-time by organisation of stock-keeping ;
- Inviting and rewarding suggestions for technical or personal improvements ;
- Supplying whole-time works' doctors and works' dentists, surgeries, and ambulance stations ;
- Employing professional " social workers "—that is, women specially trained to advise women workers and report on their needs, follow them into their houses and minister to them in illness, stimulating and warning the slack, finding if there is not some other job in which they might find more congenial activity ;
- Compelling physical training and physical exercise, encouraging clubs, providing dining-halls with meals at cost, libraries, baths of

all kinds, recreation grounds, gymnasiums, gardens, even allotments, houses at cheap rents, convalescent homes, etc., etc.—carrying out, when circumstances allow, the idea of “the factory in a garden,” and making the surroundings in which they spend 50 hours in the week as pleasant, healthful, and stimulating as they can be.

Now one may think what one likes about all this—may think it somehow accounted for by the fact that many of the men who do “this kind of thing” are Quakers. But what cannot be denied is that these men are great employers of labour. They do put the emphasis of the complex employing function where I say the emphasis should be put. And, yet, they do not neglect the others. The goods they produce are, many of them, household words—that is to say, we show by buying that we approve the quality and approve the price. Their rivals find them honourable and chivalrous in their competition. There remains, then, only one other function to be enquired into; namely, do these things pay?—for, I say it frankly, if they do not pay, there is little hope of this as a remedy of any extent.

Well, as a matter of theory, there is a *prima-facie* case that they should “pay,” for a great deal of the expenditure is reproductive in a real sense.

(1) The system pursued with the human factor of production is the same as that applied to machinery ; to give it all the conditions, subjective and objective, to keep it in "working order." On the one hand, the best work can never be got from under-fed, anaemic, listless workers. If work is not made play, the next best thing is attempted—to give as much time and occasion for play as possible. On the other, in large-scale industries, at least, where there are many different occupations within the gates, the cost of production may be kept down by finding the worker the employment for which he is naturally fitted,¹ and, where there is no jealousy of the introduction of machinery, by putting him in co-operation with tools where his activities tell most.

(2) The old human relationship is established between the two classes, and this has a much wider effect than the immediate one. It is scarcely possible that those who come into daily contact with the Cadburys and Rowntrees and Levers—to name only a few—should conceive of capital as "the enemy," or think that the primary duty of the working man is to "fight the employers."

¹ In Messrs. Cadbury's works, there are no less than twenty-six skilled trades, ranging from carpentry to confectionery, from biscuit-making to bricklaying, and, in twenty-four of them, boys may become apprentices at the age of sixteen, after being tested by unskilled work and educational classes.

Under such relations, there is little, or less, chance that the continuity of work, so important where the fixed charges are heavy, will be interrupted by strikes.¹

(3) At least the basis is laid for what I am disposed to think essential to industrial content, that the workers should get some notion of the difficulties of the employer's task. The idea that price, sale, economy, competition, are matters with which the worker has no concern—that wages are paid out of some private fund which the employers control, instead of being the equivalent of what they themselves contribute to the common purse—would be dissipated if employers dared to take the workers a little into their confidence.²

And, second, as a matter of fact, the leading example has been set by firms which, notoriously, have succeeded, whether success be gauged by the quality and price of their wares, or by their constant growth, or—so far as known—by their dividends. And yet they are not monopolies,

¹ "The staff and foremen," says Mr. Edward Cadbury, "can give practically the whole of their attention to organising their departments, instead of their time and attention being absorbed in irritating details of personal friction or disobedience."

² What distresses me most at a strike, or threat of a strike, is the frank disbelief of the workers that anything more is needed than the *will* to pay what is demanded.

which might be suspected of charging to the public, in higher prices, the extra cost involved, but undertakings whose soundness is tested by the keenest of competition, both in the home and in foreign markets. As Professor Ashley has shrewdly remarked, the knowledge that goods are made under such conditions is "a splendid advertisement" for the article.¹

What, then, are the chief matters in which "employing" of this kind stands out from the old? Analysing the very full information furnished me, I find the following :

(1) They take on themselves the charge of fitting the worker for the job they offer, selecting at the start young people who are likely to fill a particular place in the industrial organism, compelling them to take advantage of the educational opportunities which the State has put within their reach, and rewarding those who do.

(2) They aim at keeping them "in working order" by consideration to their physical needs and sex weaknesses, and giving them the condition of as much outside happiness in their lives as may be.

¹ On the same principle, when I buy my collars for 6d. at a Co-operative Store, my satisfaction at the cheap price is not clouded by the suspicion that they may be the outcome of "sweated labour."

(3) They have, evidently, made up their minds that, for labour that is at all mechanical and hard driven, the ordinary working day is too long, risked the experiment of shortening hours, and found in machinery and organisation the means of doing it without diminishing output.

(4) They have paid at least the Standard Rate of wages and, when necessary, taken the workers into their confidence as regards new piece-work rates. This latter is particularly important in days when the apprehension of the worker has been aroused, at once by the abuses of "cutting rates," and by the knowledge that anything that saves time is so obviously a gain to the user of fixed capital.

(5) They do not ask the worker to give up his loyalty to his class. Generally they work in harmony with the Trade Unions, and do not consider that the "failure of Trade Unionism," which its good friend, Mr. Charles Booth, has so fearlessly asserted, is a reason for throwing it aside.

(6) Most important of all, to my mind, is that they have realised, acknowledged, and faced the dread responsibility of continuity of employment, and count dismissal of a worker too great a responsibility to be delegated.

Granted that the occasional loss of a job, through fluctuations of demand or whatever it be, is not an

unbearable thing to the higher class of workers who have something to fall back upon—granted, if you like, that it is a healthy, perhaps necessary, stimulus in a world of men who seem to have little love of work and little forethought, and frankly say that only necessity makes them work the week through—there seem to me few things more horrible than the possibility of an honest man being thrown out of work and having nothing at the week end to feed his family on till he get the ear of another employer, rather, indeed, some foreman who is not open to the considerations which sway thoughtful men. Does any employer who, when trade is slacking, dismisses the ordinary unthrifty, careless worker—when he knows that there will be difficulty, and that it will take time, to find another opening—realise that he is sending this man to the poor-house, unless he can “live upon” the shopkeepers or find charity, and that the very “tramping” in search of a job means inevitably deterioration of his working power and moral qualities? I do not envy the mental state of any employer who can face this with open eyes and say that it is none of his business. The wives and children are everybody’s business. To secure continuity, indeed, always means thought, and may mean hardship. It may not be possible for the employer to keep on the full tale of workers

which he fain would—in such an occupation as house-painting, *e.g.*, one sees the ordinary difficulties. When war, again, suddenly stops all demand for certain markets and for certain articles, the best system of working to and from stock will not secure everybody in employment. In such times the “profession” of the employer will be tried, and he must answer to his own conscience how far sacrifice is demanded of him.¹ But, however it be decided, surely anything is better than the old-time idea pilloried by Carlyle in “Plugson of Undershot,” that an employer has no more responsibility in employing labour than in buying coals.

All these, to my mind, are very notable achievements. They vindicate my assertion that in these latter days the “idea of the employer” as a professional man, thoughtfully and prayerfully recognising a national duty in the employment of the people, has been adopted at least by some few.

If, as I have tried to say, employing of this sort was merely the hobby of a few rich men who

¹ The stress of the war, when the first impulse of everybody was to economise in all expenditures, wakened, I should hope, even the most careless to the necessity of sharing the inevitable hardship with those who had shared his prosperity.

"could afford it," it would scarcely be worth drawing attention to. But if it is acknowledged that these men work their business on "economic principles"—that their success is in no way behind that of the traditional cold-blooded employer who regards the making of a paying product the only responsibility demanded of him, but depends on enlightened views of a common economic interest between capital and labour—it is merely stupid to think of this as "disguised philanthropy"—unless, indeed, by "philanthropy" is meant making the best economic use of men and women.

We must not, however, be misled into drawing deductions from all this which the premises will not bear. Here we have employers who put the interests of their workers first—as Mr. Edward Cadbury says, they "endeavour to keep in mind that the employee has to be considered an end in himself—not merely a good workman but a good man"—and yet do not sacrifice either the public or their own interests. In all this, there is so much of a remedy. The poorest occupation is bearable if the conditions in which it is carried on are healthful and do not offend eye, ear, and mind. But the question in which I am chiefly interested remains. Is there anything here to remedy the *character of the work* which takes up the greater

part of the active hours, and, as now carried on, prevents the masses of the people from having that full, free, developing ordinary work for a living which is either, as I think, a necessary preparation for something better, or may be claimed as necessary for that happiness which they think their due?

While I gladly bear witness to what some employers have done to give their workers the best wages and the best conditions, it is Mr. Edward Cadbury himself who says that, of his highly favoured workers, "about 50 per cent. must be engaged in unskilled or semi-skilled work." Now unskilled work—so far as it is really "unskilled"—is not human work.

It is work that ought to be—and will sooner or later be—relegated to that factor towards which we have no moral responsibility. The true function of Machinery is to serve man in two ways; one, by producing wealth for him, the other by saving labour which does not make for manhood. Constant, uninteresting, high-pressure exertion is, as I have hinted, unnatural. No animal works in that way unless we drive it by the whip. But this continuous exertion is the way of the machine, and, in this respect, man everywhere shows his inferiority to it, for he cannot work more than a limited number of hours on end. It would be

entirely to the advantage of the world if machinery could be run for every hour of the twenty-four—if wealth were being ground out for us, as it were by wind or water mills, whether we waked or slept. And this leads to the curious corollary that, so long as we let man be a competitor for “horse-power work,” we keep back the former service of man, for we discourage that which might be working without pause either for sleep or refreshment. If man is set to mere machine tasks, there is constant collision between the interests of the community and the interests of the individual—the man is over-driven, the machine is under-driven.

And, so far as I see, a great deal of the world's necessary work will continue to be such as a man cannot “find a life” in. No doubt, the man who already has a moral purpose will find himself in the mere faithful doing of that which has to be done, knowing that its end is the wellbeing of his fellows.¹ But what I am concerned to find is a universal working life of such interest and developing tendency that it will awake the moral purpose in those in whom it has gone to sleep.

¹ Even this, of course, is denied him where he finds himself, while honestly making a wage, engaged in the doing of something that had better not be done at all—making some form of the wealth which Ruskin pilloried by calling “illth.”

And so I come to another responsibility of the employer as professional man. With or without the surroundings and conditions just spoken of, the worker should be stimulated and kept alive by giving him a larger interest in the doing of his work and in the result of his work, encouraging him to make the best of the position in which he is fixed, giving him an interest, too, in stimulating his fellows to do their best, and binding up his interests with the larger unit in which he forms a member—making him, in short, a willing and active servant instead of a mere tooth in a wheel. It is for this reason that one who has doubts about its economic justification, and is shaken by its non-success hitherto, may yet approve of such expedients as Profit Sharing or Gain Sharing.

The warmest advocate of Profit Sharing will probably confess that there are some weaknesses in its theory. Profit is, strictly, the return of one of the usual costs of production ; a share in distribution due to the rendering of certain anxious and responsible services, such as supplying the mills, machinery, and organisation within which the various factors are put together to carry out the production process, buying the materials primary and auxiliary, perhaps advancing wages before there is any return, finding a market and sale for the goods, laying far-reaching plans to

keep the organisation running, taking all the many risks involved, from strikes to bad debts. All this is the work, generally, of a highly-skilled class who specialise in it.

Moreover, profit is highly speculative. Its very idea connotes "loss." According to calculations often made, the majority of employers "fail of success," and there is even some probability that, when the net losses are subtracted from the net gains, the balance is on the wrong side, and that the world, as a whole, gets the employing service done for nothing.

It would seem, then, that if any but the class who now render this specialised service make a claim to share in its profits, they must (1) show that they take some share in these services, and (2) must take on their shoulders the correlative of loss. But, as a fact, towards these services, the ordinary worker contributes nothing, and, unless in those cases where the worker holds stock in the firm—in which case he is *pro tanto* one of the employing class—no profit-sharing scheme, so far as I know, has asked him to shoulder any loss.¹

On the other hand, it is open to argue that the worker, if he is allowed or encouraged, *may* contribute to these services, and, in any case, may add

¹ To give the worker something that he produces himself is not giving him profit, but making him "worth" a larger wage.

to the distributable total something which cannot rightly be claimed as the economic due of any other factor. He may diminish certain of the risks—for instance, he may insure, in his degree, against strikes by throwing his weight against them and refusing to join in them. He may save superintendence by superintending himself. He may watch waste both on his own part and on that of others. He may work harder, and more conscientiously, systematise the flow of work from department to department, and promote good working relations generally between the various human factors—no small service in days when even Cabinet Ministers inflame class against class. He may suggest and improve.

The failure of Profit Sharing hitherto¹ is probably due to one practical weakness and one economic one.

(1) So long as there is a surplus to share, the worker will not look too closely into who

¹ In 1912, the survivors of nearly 300 profit-sharing arrangements since 1829 numbered only 133. The Board of Trade Report says significantly that, "in more than half the cases of abandoned schemes, the cause seems traceable, not to any distinctive feature in the scheme as such, but to the falling off of business and to the fact that there were no profits to share." It is suggestive that gas companies account for 33 out of the 133 now in existence, and that gas companies are more or less of the nature of monopolies, their shares and stock being often classed as "gilt-edged securities."

or what produced it. But, if there is no surplus, he will think it little consolation that he suffers no positive loss—as the employer does—for he has been putting forth extra energy and extra care, and this is unrecompensed ! And while he is entirely willing to share “ unearned increment ” due to a rise in demand, when there is no such increment he falls back on his “ efficiency ” as a reason why he should not suffer loss.¹

(2) If the extra given as profit or bonus to the worker is proportioned to the amount of his wages earned during the year, and the wage is a “ rate,” the strong worker feels that he is defrauded by getting only the same share as the less efficient.²

¹ This comes out pretty clearly in the Coal Sliding Scale, in which a kind of rudimentary profit sharing comes into play by wages rising and falling automatically with the price of coal. Quite lately, July, 1914, the Scottish colliers strongly advocated a four days a week policy in order to keep up the price. That is to say, they were entirely unwilling to do without the “ bonus ” which the high prices alone could give them.

² It will, perhaps, be noticed that I make no mention of methods which are very often considered as a more logical and effectual way of attaining the same result as Profit Sharing, such, *e.g.*, as the premium bonus arrangement. But so far as I see, the only—and, indeed, the intended—effect of such arrangements is to induce the worker to do more in the same time, by which, indeed, he economises the fixed charges of the employer, and very legitimately increases his own wage. But mere increase of pay does not lift the horizon of his life and widen his interests—indeed, it may lead simply to more intense specialisation of machine tending and greater monotony.

I am not, however, concerned with the strictly economic theory of Profit Sharing. What I want to say is that, whatever one may think of the economic justification for the employer sharing his function or its reward with the wage earner, one might ask employers who are most concerned in finding a life for their work people to consider if it does not, to some extent, introduce the element so painfully lacking in the ordinary case, and give the worker an interest, a hope, and a stimulus in his working life quite apart from its reward? Are we not all agreed that the life of an employer does give full scope for one who wishes to make his trade a profession? In giving the worker, then, some share in the same life, is it not doing the best we can for him?

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